

HIGHLIGHTS OF THIS ISSUE

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

INCOME TAX

Rev. Rul. 2005-51, page 163.

Mathematical or clerical error summary assessment procedures. This ruling clarifies whether the mathematical or clerical error assessment procedures of section 6213(b) of the Code apply when a taxpayer files an income tax return that reports income in an amount different from that reported on a W-2.

T.D. 9209, page 153.

Final regulations under section 179 of the Code provide rules for making and revoking elections to expense the cost of certain depreciable business property. The regulations apply for property placed in service in taxable years beginning after 2002 and before 2008.

Announcement 2005-53, page 258.

This document contains corrections to temporary regulations (T.D. 9186, 2005-13 I.R.B. 790) modifying the rules relating to qualified amended returns by providing additional circumstances that end the period when a taxpayer may file an amended return that constitutes a qualified amended return.

ESTATE TAX

T.D. 9208, page 157.

Final regulations under section 2632(c)(5)(A)(i) of the Code provide guidance for making the election to not have the deemed allocation of unused generation-skipping transfer (GST) tax exemption under section 2632(c)(1) apply with regard to certain transfers to a GST trust, as defined in section 2632(c)(3)(B). The regulations also provide guidance for making the election under section 2632(c)(5)(A)(ii) to treat a trust as a GST trust.

ADMINISTRATIVE

Rev. Rul. 2005-51, page 163.

Mathematical or clerical error summary assessment procedures. This ruling clarifies whether the mathematical or clerical error assessment procedures of section 6213(b) of the Code apply when a taxpayer files an income tax return that reports income in an amount different from that reported on a W-2.

Rev. Proc. 2005-49, page 165.

Electronic filing; magnetic media; 2005 form specifications. This procedure contains updates and changes to Publication 1220, *Specifications for Filing Forms 1098, 1099, 5498 and W-2G Electronically or Magnetically*. Rev. Proc. 2004-50 superseded.

Announcement 2005-52, page 257.

This document contains corrections to T.D. 9207, 2005-26 I.R.B. 1344, relating to the definition of liabilities.

Announcements of Disbarments and Suspensions begin on page 249.
Finding Lists begin on page ii.



The IRS Mission

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by

applying the tax law with integrity and fairness to all.

Introduction

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

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

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

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

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

The Bulletin is divided into four parts as follows:

Part I.—1986 Code.

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

Part II.—Treaties and Tax Legislation.

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

Part III.—Administrative, Procedural, and Miscellaneous.

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

Part IV.—Items of General Interest.

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

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

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

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

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

Section 179.—Election to Expense Certain Depreciable Business Assets

26 CFR 1.179-2: Limitations on amount subject to section 179 election.

T.D. 9209

DEPARTMENT OF THE TREASURY Internal Revenue Service 26 CFR Parts 1 and 602

Section 179 Elections

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations relating to the election to expense the cost of property subject to section 179 of the Internal Revenue Code (Code). The regulations reflect changes to the law made by section 202 of the Jobs and Growth Tax Relief Reconciliation Act of 2003 and section 201 of the American Jobs Creation Act of 2004.

DATES: *Effective Date:* These regulations are effective July 13, 2005.

Applicability Dates: For dates of applicability, see §1.179-6.

FOR FURTHER INFORMATION CONTACT: Winston H. Douglas, (202) 622-3110 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act

The collections of information contained in these final regulations have been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)) under control number 1545-1201. The collections of information in these final regulations are in §§1.179-2 and 1.179-5. This information is required by §1.179-2 to ensure that

married individuals filing separate returns properly allocate the cost of section 179 property elected to be expensed in a taxable year and that the dollar limitation is properly allocated among the component members of a controlled group. Also, this information is required by §1.179-5 to ensure the specific identification of each piece of acquired section 179 property and reflect how and from whom such property will be placed in service. This information will be used for audit and examination purposes.

Estimated total annual reporting and/or recordkeeping burden: 3,015,000 hours.

The estimated annual burden per respondent/recordkeeper varies from .50 to 1 hour, depending on individual circumstances, with an estimated average of .75 hour.

Estimated number of respondents and/or recordkeepers: 4,025,000

Estimated frequency of responses: Annually

Comments on the collection of information should be sent to the **Office of Management and Budget**, Attn: Desk Officer for the Department of the Treasury, Office of Information and Regulatory Affairs, Washington, DC 20503, with copies to the **Internal Revenue Service**, Attn: IRS Reports Clearance Officer, SE:W:CAR:MP:T:T:SP, Washington, DC 20224. Comments are specifically requested concerning how the burden of complying with the collection of information may be minimized, including through the application of automated collection techniques or other forms of information technology.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the Office of Management and Budget.

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

Background

This document contains amendments to 26 CFR parts 1 and 602. On August 4, 2004, the IRS and Treasury Department published temporary regulations (T.D. 9146, 2004-36 I.R.B. 408) in the **Federal Register** (69 FR 46982) relating to the election to expense the cost of property subject to section 179 of the Code. The temporary regulations reflected changes to the law made by section 202 of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA), Public Law 108-27 (117 Stat. 752). On the same date, the IRS published a notice of proposed rulemaking (REG-152549-03, 2004-36 I.R.B. 451) cross-referencing the temporary regulations in the **Federal Register** (69 FR 47043). No comments were received from the public in response to the notice of proposed rulemaking and no public hearing was requested or held. However, section 201 of the American Jobs Creation Act of 2004, Public Law 108-357 (118 Stat. 1418), extended the changes that were made by JGTRRA for an additional two years. The proposed regulations are adopted as amended by this Treasury decision, and the corresponding temporary regulations are removed. The revisions are discussed below.

Explanation of Provisions

Scope

The changes made to section 179 by section 202 of JGTRRA were applicable for section 179 property placed in service by a taxpayer in taxable years beginning after 2002 and before 2006. Section 202 of JGTRRA expanded the definition of section 179 property to include off-the-shelf computer software (a category of intangible property) and increased the \$25,000 and \$200,000 limitation amounts of section 179(b)(1) and (b)(2), respectively, to \$100,000 and \$400,000, respectively. In addition, the \$100,000 and \$400,000 amounts were indexed annually for inflation for taxable years beginning after 2003 and before 2006. JGTRRA also modified section 179 to provide that any election

or specification for taxable years beginning after 2002 and before 2006 may be revoked by the taxpayer with respect to any section 179 property, and that such revocation, once made, shall be irrevocable. With respect to a taxable year beginning after 2002 and before 2006, the conference agreement permitted taxpayers to make or revoke an expensing election on an amended Federal tax return without the consent of the Commissioner. The temporary regulations reflected the changes to section 179 made by section 202 of JGTTRA.

Subsequent to the issuance of the proposed regulations and the temporary regulations, the American Jobs Creation Act of 2004 (AJCA) was enacted. Section 201 of AJCA extends the changes that were made by JGTTRA for an additional two years. The final regulations retain the rules relating to the JGTTRA changes contained in the temporary regulations. The final regulations also apply the AJCA's two-year extension of the JGTTRA changes to section 179 property placed in service by a taxpayer in a taxable year beginning after 2002 and before 2008.

Manner of Making an Election or Revoking an Election Under Section 179

The final regulations provide that for any taxable year beginning after 2002 and before 2008, a section 179 election or a revocation of a section 179 election may be made on an amended Federal tax return for that taxable year to which the election or revocation applies. For any taxable year beginning before 2003, a late section 179 election or a revocation of a section 179 election generally is made by a taxpayer submitting a request for a letter ruling. Accordingly, the final regulations clarify that a section 179 election or a revocation of a section 179 election generally must not be made in any other manner (for example, a section 179 election or revocation of a section 179 election cannot be made through a request under section 446(e) to change the taxpayer's method of accounting).

Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment

is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations. It is hereby certified that the collection of information in these regulations will not have a significant economic impact on a substantial number of small entities. This certification is based upon the fact that the amount of time necessary to record and retain the required information will be minimal for those taxpayers electing to expense the cost of section 179 property. The estimated annual burden for each such taxpayer varies from .50 to 1 hour, depending on individual circumstances, with an estimated average of .75 hour. Therefore, a regulatory flexibility analysis under the Regulatory Flexibility Act (5 U.S.C. chapter 6) is not required. Pursuant to section 7805(f) of the Code, the notice of proposed rulemaking preceding these final regulations was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Drafting Information

The principal author of these regulations is Winston H. Douglas, Office of the Associate Chief Counsel (Passthroughs and Special Industries). However, other personnel from the IRS and Treasury Department participated in their development.

* * * * *

Adoption of Amendments to the Regulations

Accordingly, 26 CFR parts 1 and 602 are amended as follows:

PART 1—INCOME TAXES

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

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

Par. 2. Section 1.179-0 is amended as follows:

1. The entries for §1.179-2(b)(1) and (b)(2), §1.179-4(a), and §1.179-5(c) are revised.

2. The entries for §1.179-5(d) and §1.179-6(a), (b), and (c) are added.

3. Sections 1.179-2T, 1.179-4T, 1.179-5T, and 1.179-6T are removed.

The revisions and additions read as follows:

§1.179-0 Table of contents for section 179 expensing rules.

* * * * *

§1.179-2 Limitations on amount subject to section 179 election.

* * * * *

(b) * * *

(1) In general.

(2) Excess section 179 property.

* * * * *

§1.179-4 Definitions.

(a) Section 179 property.

* * * * *

§1.179-5 Time and manner of making election.

* * * * *

(c) Section 179 property placed in service by the taxpayer in a taxable year beginning after 2002 and before 2008.

(d) Election or revocation must not be made in any other manner.

§1.179-6 Effective dates.

(a) In general.

(b) Section 179 property placed in service by the taxpayer in a taxable year beginning after 2002 and before 2008.

(c) Application of §1.179-5(d).

§1.179-2 [Amended]

Par. 3. Section 1.179-2 is amended by revising paragraphs (b)(1) and (b)(2)(ii) to read as follows:

§1.179-2 Limitations on amount subject to section 179 election.

* * * * *

(b) *Dollar limitation*—(1) *In general.* The aggregate cost of section 179 property that a taxpayer may elect to expense under section 179 for any taxable year beginning in 2003 and thereafter is \$25,000 (\$100,000 in the case of taxable years beginning after 2002 and before 2008 under section 179(b)(1), indexed annually for inflation under section 179(b)(5) for taxable years beginning after 2003 and before

2008), reduced (but not below zero) by the amount of any excess section 179 property (described in paragraph (b)(2) of this section) placed in service during the taxable year.

(b) * * *

(2) * * *

(ii) \$200,000 (\$400,000 in the case of taxable years beginning after 2002 and before 2008 under section 179(b)(2), indexed annually for inflation under section 179(b)(5) for taxable years beginning after 2003 and before 2008).

* * * * *

§1.179-2T [Removed]

Par. 4. Section 1.179-2T is removed.

§1.179-4 [Amended]

Par. 5. Section 1.179-4 is amended by revising the introductory text and paragraph (a) to read as follows:

§1.179-4 Definitions.

The following definitions apply for purposes of section 179 and §§1.179-1 through 1.179-6:

(a) *Section 179 property.* The term *section 179 property* means any tangible property described in section 179(d)(1) that is acquired by purchase for use in the active conduct of the taxpayer's trade or business (as described in §1.179-2(c)(6)). For taxable years beginning after 2002 and before 2008, the term *section 179 property* includes computer software described in section 179(d)(1) that is placed in service by the taxpayer in a taxable year beginning after 2002 and before 2008 and is acquired by purchase for use in the active conduct of the taxpayer's trade or business (as described in §1.179-2(c)(6)). For purposes of this paragraph (a), the term *trade or business* has the same meaning as in section 162 and the regulations under section 162.

* * * * *

§1.179-4T [Removed]

Par. 6. Section 1.179-4T is removed.

§1.179-5 [Amended]

Par. 7. Section 1.179-5 is amended by revising paragraph (c) and adding paragraph (d) to read as follows:

§1.179-5 Time and manner of making election.

* * * * *

(c) *Section 179 property placed in service by the taxpayer in a taxable year beginning after 2002 and before 2008—(1) In general.* For any taxable year beginning after 2002 and before 2008, a taxpayer is permitted to make or revoke an election under section 179 without the consent of the Commissioner on an amended Federal tax return for that taxable year. This amended return must be filed within the time prescribed by law for filing an amended return for such taxable year.

(2) *Election—(i) In general.* For any taxable year beginning after 2002 and before 2008, a taxpayer is permitted to make an election under section 179 on an amended Federal tax return for that taxable year without the consent of the Commissioner. Thus, the election under section 179 and §1.179-1 to claim a section 179 expense deduction for section 179 property may be made on an amended Federal tax return for the taxable year to which the election applies. The amended Federal tax return must include the adjustment to taxable income for the section 179 election and any collateral adjustments to taxable income or to the tax liability (for example, the amount of depreciation allowed or allowable in that taxable year for the item of section 179 property to which the election pertains). Such adjustments must also be made on amended Federal tax returns for any affected succeeding taxable years.

(ii) *Specifications of elections.* Any election under section 179 must specify the items of section 179 property and the portion of the cost of each such item to be taken into account under section 179(a). Any election under section 179 must comply with the specification requirements of section 179(c)(1)(A), §1.179-1(b), and §1.179-5(a). If a taxpayer elects to expense only a portion of the cost basis of an item of section 179 property for a taxable year beginning after 2002 and before 2008 (or did not elect to expense any portion of the cost basis of the item of section 179 property), the taxpayer is permitted to file an amended Federal tax return for that particular taxable year and increase the portion of the cost of the item of section 179 property to be taken into account under section 179(a) (or elect to

expense any portion of the cost basis of the item of section 179 property if no prior election was made) without the consent of the Commissioner. Any such increase in the amount expensed under section 179 is not deemed to be a revocation of the prior election for that particular taxable year.

(3) *Revocation—(i) In general.* Section 179(c)(2) permits the revocation of an entire election or specification, or a portion of the selected dollar amount of a specification. The term *specification* in section 179(c)(2) refers to both the selected specific item of section 179 property subject to a section 179 election and the selected dollar amount allocable to the specific item of section 179 property. Any portion of the cost basis of an item of section 179 property subject to an election under section 179 for a taxable year beginning after 2002 and before 2008 may be revoked by the taxpayer without the consent of the Commissioner by filing an amended Federal tax return for that particular taxable year. The amended Federal tax return must include the adjustment to taxable income for the section 179 revocation and any collateral adjustments to taxable income or to the tax liability (for example, allowable depreciation in that taxable year for the item of section 179 property to which the revocation pertains). Such adjustments must also be made on amended Federal tax returns for any affected succeeding taxable years. Reducing or eliminating a specified dollar amount for any item of section 179 property with respect to any taxable year beginning after 2002 and before 2008 results in a revocation of that specified dollar amount.

(ii) *Effect of revocation.* Such revocation, once made, shall be irrevocable. If the selected dollar amount reflects the entire cost of the item of section 179 property subject to the section 179 election, a revocation of the entire selected dollar amount is treated as a revocation of the section 179 election for that item of section 179 property and the taxpayer is unable to make a new section 179 election with respect to that item of property. If the selected dollar amount is a portion of the cost of the item of section 179 property, revocation of a selected dollar amount shall be treated as a revocation of only that selected dollar amount. The revoked dollars cannot be the subject of a new section 179 election for the same item of property.

(4) *Examples.* The following examples illustrate the rules of this paragraph (c):

Example 1. Taxpayer, a sole proprietor, owns and operates a jewelry store. During 2003, Taxpayer purchased and placed in service two items of section 179 property — a cash register costing \$4,000 (5-year MACRS property) and office furniture costing \$10,000 (7-year MACRS property). On his 2003 Federal tax return filed on April 15, 2004, Taxpayer elected to expense under section 179 the full cost of the cash register and, with respect to the office furniture, claimed the depreciation allowable. In November 2004, Taxpayer determines it would have been more advantageous to have made an election under section 179 to expense the full cost of the office furniture rather than the cash register. Pursuant to paragraph (c)(1) of this section, Taxpayer is permitted to file an amended Federal tax return for 2003 revoking the section 179 election for the cash register, claiming the depreciation allowable in 2003 for the cash register, and making an election to expense under section 179 the cost of the office furniture. The amended return must include an adjustment for the depreciation previously claimed in 2003 for the office furniture, an adjustment for the depreciation allowable in 2003 for the cash register, and any other collateral adjustments to taxable income or to the tax liability. In addition, once Taxpayer revokes the section 179 election for the entire cost basis of the cash register, Taxpayer can no longer expense under section 179 any portion of the cost of the cash register.

Example 2. Taxpayer, a sole proprietor, owns and operates a machine shop that does specialized repair work on industrial equipment. During 2003, Taxpayer purchased and placed in service one item of section 179 property — a milling machine costing \$135,000. On Taxpayer's 2003 Federal tax return filed on April 15, 2004, Taxpayer elected to expense under section 179 \$5,000 of the cost of the milling machine and claimed allowable depreciation on the remaining cost. Subsequently, Taxpayer determines it would have been to Taxpayer's advantage to have elected to expense \$100,000 of the cost of the milling machine on Taxpayer's 2003 Federal tax return. In November 2004, Taxpayer files an amended Federal tax return for 2003, increasing the amount of the cost of the milling machine that is to be taken into account under section 179(a) to \$100,000, decreasing the depreciation allowable in 2003 for the milling machine, and making any other collateral adjustments to taxable income or to the tax liability. Pursuant to paragraph (c)(2)(ii) of this section, increasing the amount of the cost of the milling machine to be taken into account under section 179(a) supplements the portion of the cost of the milling machine that was already taken into account by the original section 179 election made on the 2003 Federal tax return and no revocation of any specification with respect to the milling machine has occurred.

Example 3. Taxpayer, a sole proprietor, owns and operates a real estate brokerage business located in a rented storefront office. During 2003, Taxpayer purchases and places in service two items of section 179 property — a laptop computer costing \$2,500 and a desktop computer costing \$1,500. On Taxpayer's 2003 Federal tax return filed on April 15, 2004, Taxpayer elected to expense under section 179 the full cost of the laptop computer and the full cost of the desktop computer. Subsequently, Taxpayer de-

termines it would have been to Taxpayer's advantage to have originally elected to expense under section 179 only \$1,500 of the cost of the laptop computer on Taxpayer's 2003 Federal tax return. In November 2004, Taxpayer files an amended Federal tax return for 2003 reducing the amount of the cost of the laptop computer that was taken into account under section 179(a) to \$1,500, claiming the depreciation allowable in 2003 on the remaining cost of \$1,000 for that item, and making any other collateral adjustments to taxable income or to the tax liability. Pursuant to paragraph (c)(3)(ii) of this section, the \$1,000 reduction represents a revocation of a portion of the selected dollar amount and no portion of those revoked dollars may be the subject of a new section 179 election for the laptop computer.

Example 4. Taxpayer, a sole proprietor, owns and operates a furniture making business. During 2003, Taxpayer purchases and places in service one item of section 179 property — an industrial-grade cabinet table saw costing \$5,000. On Taxpayer's 2003 Federal tax return filed on April 15, 2004, Taxpayer elected to expense under section 179 \$3,000 of the cost of the saw and, with respect to the remaining \$2,000 of the cost of the saw, claimed the depreciation allowable. In November 2004, Taxpayer files an amended Federal tax return for 2003 revoking the selected \$3,000 amount for the saw, claiming the depreciation allowable in 2003 on the \$3,000 cost of the saw, and making any other collateral adjustments to taxable income or to the tax liability. Subsequently, in December 2004, Taxpayer files a second amended Federal tax return for 2003 selecting a new dollar amount of \$2,000 for the saw, including an adjustment for the depreciation previously claimed in 2003 on the \$2,000, and making any other collateral adjustments to taxable income or to the tax liability. Pursuant to paragraph (c)(2)(ii) of this section, Taxpayer is permitted to select a new selected dollar amount to expense under section 179 encompassing all or a part of the initially non-elected portion of the cost of the elected item of section 179 property. However, no portion of the revoked \$3,000 may be the subject of a new section 179 dollar amount selection for the saw. In December 2005, Taxpayer files a third amended Federal tax return for 2003 revoking the entire selected \$2,000 amount with respect to the saw, claiming the depreciation allowable in 2003 for the \$2,000, and making any other collateral adjustments to taxable income or to the tax liability. Because Taxpayer elected to expense, and subsequently revoke, the entire cost basis of the saw, the section 179 election for the saw has been revoked and Taxpayer is unable to make a new section 179 election with respect to the saw.

(d) *Election or revocation must not be made in any other manner.* Any election or revocation specified in this section must be made in the manner prescribed in paragraphs (a), (b), and (c) of this section. Thus, this election or revocation must not be made by the taxpayer in any other manner (for example, an election or a revocation of an election cannot be made through a request under section 446(e) to change the taxpayer's method of accounting), except as otherwise expressly provided by

the Internal Revenue Code, the regulations under the Code, or other guidance published in the Internal Revenue Bulletin.

§1.179-5T [Removed]

Par. 8. Section 1.179-5T is removed.

§1.179-6 [Removed]

Par. 9. Section 1.179-6 is removed.

§1.179-6T [Amended]

Par. 10. Section 1.179-6T is redesignated as §1.179-6 and amended as follows:

1. The first sentence of paragraph (a) is revised.
2. Paragraph (b) is revised.
3. Paragraph (c) is added.

The revisions and addition read as follows:

§1.179-6 Effective dates.

(a) * * * Except as provided in paragraphs (b) and (c) of this section, the provisions of §§1.179-1 through 1.179-5 apply for property placed in service by the taxpayer in taxable years ending after January 25, 1993. * * *

(b) *Section 179 property placed in service by the taxpayer in a taxable year beginning after 2002 and before 2008.* The provisions of §1.179-2(b)(1) and (b)(2)(ii), the second sentence of §1.179-4(a), and the provisions of §1.179-5(c), reflecting changes made to section 179 by the Jobs and Growth Tax Relief Reconciliation Act of 2003 (117 Stat. 752) and the American Jobs Creation Act of 2004 (118 Stat. 1418), apply for property placed in service in taxable years beginning after 2002 and before 2008.

(c) *Application of §1.179-5(d).* Section 1.179-5(d) applies on or after July 12, 2005.

PART 602—OMB CONTROL NUMBERS UNDER THE PAPERWORK REDUCTION ACT

Par. 11. The authority citation for part 602 continues to read, in part, as follows:

Authority: 26 U.S.C. 7805.

Par. 12. In §602.101, paragraph (b) is amended by removing the entries for “1.179-2T” and “1.179-5T” and adding

a new entry for "1.179-5" in numerical order to the table to read as follows:

§602.101 OMB Control numbers.

(b) * * *

* * * * *

CFR part or section where identified and described	Current OMB control No.
* * * * *	
1.179-5	1545-1201
* * * * *	

Mark E. Matthews,
Deputy Commissioner for Services and Enforcement.

2632(c)(5)(A)(ii) to treat a trust as a GST trust. The regulations primarily affect individuals.

revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

Approved June 23, 2005.

DATES: *Effective Date:* The regulations are effective June 29, 2005.

Background

Eric Solomon,
Acting Deputy Assistant Secretary of the Treasury (Tax Policy).

Applicability Date: For dates of applicability, see §26.2632-1(e).

This document contains amendments to 26 CFR Part 26 under section 2632-1 pertaining to the election under section 2632(c)(5)(A)(i) of the Internal Revenue Code to not have the deemed allocation of unused generation-skipping transfer (GST) tax exemption under section 2632(c)(1) apply with regard to certain transfers to a GST trust, as defined in section 2632(c)(3)(B) and the election under section 2632(c)(5)(A)(ii) to treat a trust as a GST trust.

(Filed by the Office of the Federal Register on July 12, 2005, 8:45 a.m., and published in the issue of the Federal Register for July 13, 2005, 70 F.R. 40189)

FOR FURTHER INFORMATION CONTACT: Mayer R. Samuels, (202) 622-3090 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Section 2632.—Special Rules for Allocation of GST Exemption

Paperwork Reduction Act

26 CFR 26.2632-1: Allocation of GST exemption.

The collection of information contained in these final regulations has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)) under control number 1545-1892.

T.D. 9208

**DEPARTMENT OF THE TREASURY
Internal Revenue Service
26 CFR Parts 26 and 602**

The collection of information in these final regulations is in §26.2632-1(b)(2)(iii) and (b)(3). This information is required by the IRS for taxpayers who elect to have the automatic allocation rules not apply to the current transfer and/or to future transfers to the trust or to terminate such election. This information is also required by the IRS for taxpayers who elect to treat trusts described in section 2632(c)(3)(B)(i) through (vi) as GST trusts or to terminate such election.

Election Out of GST Deemed Allocations

AGENCY: Internal Revenue Service (IRS), Treasury.

On July 13, 2004, the IRS published (REG-153841-02, 2004-31 I.R.B. 145) in the **Federal Register** a notice of proposed rulemaking (69 FR 42000). The IRS received written and oral comments responding to the notice of proposed rulemaking. No public hearing was requested or held. After consideration of all the comments, the proposed regulations are adopted as amended by this Treasury decision, and the corresponding proposed regulations are removed. The comments and revisions to the proposed regulations are discussed below.

ACTION: Final regulation.

Summary of Comments

SUMMARY: This document contains final regulations providing guidance for making the election under section 2632(c)(5)(A)(i) of the Internal Revenue Code to not have the deemed allocation of unused generation-skipping transfer (GST) tax exemption under section 2632(c)(1) apply with regard to certain transfers to a GST trust, as defined in section 2632(c)(3)(B). The final regulations also provide guidance for making the election under section

The proposed regulations generally permitted transferors only two options for electing out of the automatic allocation rules. Transferors could elect out with respect to a current transfer only, or with respect to a current-year transfer and all future transfers to the same trust. Several commentators suggested that the final regulations provide transferors additional options. In response to these comments, the final regulations include the options

provided in the proposed regulations and, in addition, give transferors the option of electing out with respect to (1) only certain designated future transfers to a trust, or (2) all future transfers made by the transferor to any trust (regardless of whether the trust exists at the time of the election out). Under the final regulations, the transferor may elect out with respect to future transfers even if the transferor has not made a current-year transfer and is not otherwise required to file a Federal gift tax return. Examples have been added illustrating language that may be used in the election out statement to satisfy the requirements for the various election out options.

One commentator suggested that the statements required by the regulations to elect out of the automatic GST allocation or to treat a trust as a GST trust should not require a citation to the specific regulation section that authorizes the election. The final regulations adopt this suggestion.

In response to comments, the final regulations have been clarified to specifically confirm that an election out of the automatic allocation rules for future years is limited to automatic allocations under section 2632(c) (automatic allocations to indirect skips made during the transferor's lifetime) and has no effect on the automatic allocation rules that apply after the transferor's death under section 2632(e).

One commentator recommended that the IRS clarify whether the effective date of an automatic allocation is changed if the transfer is reported on a late filed Federal gift tax return. For indirect skips made after December 31, 2000, to which section 2642(f) does not apply, the transferor's unused GST exemption is automatically allocated to the property transferred. Section 26.2632-1(b)(1)(ii) generally provides that in the case of direct skips, unless the transferor elects out of the automatic allocation rules, the automatic allocation becomes irrevocable on the due date for filing the Federal gift tax return, and the allocation is effective as of the date of the transfer. Thus, even if the Federal gift tax return reporting the transfer is filed late, or no Federal gift tax return is filed, the automatic allocation nevertheless is irrevocable on the due date of that return and takes effect as of the date of the transfer. The final regulations clarify that the same rules apply in the case of an automatic

allocation to an indirect skip under section 2632(c). The automatic allocation is effective as of the date of the transfer, and becomes irrevocable on the due date for filing the Form 709 for the calendar year in which the transfer is made, whether or not a gift tax return is filed reporting the transfer.

Commentators suggested that, if a transferor makes an indirect skip and affirmatively allocates GST exemption in an amount that is less than the value of the property transferred, the transaction should be treated as an allocation of the amount that was affirmatively allocated and an election out of the automatic allocation rules for the value of the property not covered by the exemption amount affirmatively allocated. Treasury and the IRS agree with the commentators that this treatment would give effect to the transferor's most likely intent to limit the allocation of exemption to the amount that was affirmatively allocated. Accordingly, under the final regulations, an affirmative partial allocation of GST exemption is treated as an election out of the automatic allocation rules with regard to the balance of that specific transfer.

In response to comments, the rules regarding the automatic allocation to an indirect skip subject to an estate tax inclusion period (ETIP) have been revised in conformance with section 2632(c)(4) to provide that the automatic allocation to a direct skip or an indirect skip is deemed to be made at the close of the ETIP. Therefore, under the final regulations, a transferor may elect out of the automatic allocation rules for transfers subject to an ETIP that are either direct skips or indirect skips at any time prior to the due date of the Federal gift tax return for the calendar year during which the ETIP closes. Thus, transferors may elect out of the automatic allocation rules on the gift tax return reporting the transfer to the trust, or on a gift tax return filed for any calendar year subsequent to the year of the transfer up to and including the calendar year in which the ETIP closes. It should be noted that an election out of the automatic allocation for "all current transfers" or for "all transfers in the current year" includes an election out for a transfer subject to an ETIP that was made during that year, but an election out of the automatic allocation rules for "all future transfers" to a trust will not

apply with respect to any previous transfer to a trust subject to an ETIP that is to close in the future. To apply the election out to prior-year transfers that are subject to an ETIP, the election out statement must specifically describe the prior-year transfers to be covered by the election out, state that those transfers are subject to an ETIP, and state that the transferor wishes to elect out of the automatic allocation to those prior-year transfers. Except in that limited circumstance, the final regulations provide that an election out does not apply to any prior-year transfer to a trust, including a transfer subject to an ETIP, even if the ETIP closes after the election has been made. It should be noted also that, once an affirmative allocation of GST exemption has been made (including to a transfer subject to an ETIP), the allocation may not be revoked.

One commentator recommended that transferors who made indirect skips after December 31, 2000, and before the proposed regulations become final, should be allowed to elect out of the automatic allocation rules on or before April 15th of the calendar year after the year in which the final regulations are published. The Treasury Department and the IRS believe, however, that this extension of the time to elect out of the automatic allocation rules is unnecessary. Notice 2001-50, 2001-2 C.B. 189, (see §601.601(d)(2)(ii)(b) of this chapter) alerted transferors that regulations would provide that an election under section 2632(c)(5) is to be made on a timely filed Federal gift tax return reporting the transfer. Further, the preamble to the proposed regulations provided that any election made on or before the date of publication of the proposed regulations will be recognized if the election was made on a timely filed Federal gift tax return in a manner that provided adequate notice to the Commissioner that the transferor made the election. Accordingly, this suggestion was not adopted.

Commentators suggested that the regulations include an example addressing the application of the automatic allocation rules for indirect skips in a situation in which a trust subject to an ETIP terminates upon the expiration of the ETIP, at which time the trust assets are distributed to other trusts that may be GST trusts. The Treasury Department and the IRS believe, however, that this issue is outside the

scope of this regulation, and will consider whether to address the issue in separate guidance.

Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It has also been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and, because these regulations do not impose on small entities, a collection of information requirement, the Regulatory Flexibility Act (5 U.S.C. chapter 6), does not apply. Therefore, a Regulatory Flexibility Analysis is not required. Pursuant to section 7805(f) of the Internal Revenue Code, the Notice of Proposed Rulemaking preceding these regulations was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact on small business.

Drafting Information

The principal author of these final regulations is Mayer R. Samuels, Office of the Associate Chief Counsel (Passthroughs and Special Industries). However, other personnel from the IRS and the Treasury Department also participated in their development.

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Adoption of Amendments to the Regulations

Accordingly, 26 CFR parts 26 and 602 are amended as follows:

PART 26—GENERATION-SKIPPING TRANSFER TAX REGULATIONS UNDER THE TAX REFORM ACT OF 1986

Paragraph 1. The authority citation for part 26 continues to read, in part, as follows:

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

Par. 2. In §26.2600-1, the entries for §26.2632-1 are amended by revising the entry for paragraph (b)(2) and adding entries for paragraphs (b)(3), (b)(4) and (e) to read as follows:

§26.2600-1 Table of contents.

* * * * *

§26.2632-1 Allocation of GST exemption.

* * * * *

(b) * * *

(2) Automatic allocation to indirect skips made after December 31, 2000.

(3) Election to treat trust as GST trust.

(4) Allocation to other transfers.

* * * * *

(e) Effective date.

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Par. 3. Section 26.2632-1 is amended as follows:

1. Paragraph (b)(2) is redesignated as paragraph (b)(4).

2. Paragraphs (b)(2) and (b)(3) are added.

3. In newly designated paragraph (b)(4)(i), the third sentence is revised.

4. In newly designated paragraph (b)(4)(ii)(A)(I), the fourth sentence is revised.

5. In newly designated paragraph (b)(4)(ii)(B):

a. All references to paragraph “(b)(2)(ii)(A)(I)(i)” are removed and “(b)(4)(ii)(A)(I)(i)” is added in its place.

b. All references to paragraph “(b)(2)(ii)(A)(I)(ii)” are removed and “(b)(4)(ii)(A)(I)(ii)” is added in its place.

c. All references to paragraph “(b)(2)(ii)(A)(I)(iii)” are removed and “(b)(4)(ii)(A)(I)(iii)” is added in its place.

6. *Examples 1* through *5* in newly designated paragraph (b)(4)(iii) are revised.

7. *Example 6* in newly designated paragraph (b)(4)(iii) is added.

8. Paragraph (b)(4)(iv) is added.

9. Paragraph (c)(1) is redesignated as paragraph (c)(1)(i) and revised.

10. Paragraphs (c)(1)(ii) and (c)(1)(iii) are added.

11. *Example 5* in paragraph (c)(5) is added.

12. In paragraph (d)(1), the fourth sentence is revised.

13. Paragraph (e) is added.

The additions and revisions read as follows:

§26.2632-1 Allocation of GST exemption.

* * * * *

(b) * * *

(2) *Automatic allocation to indirect skips made after December 31, 2000—(i) In general.* An indirect skip is a transfer of property to a GST trust as defined in section 2632(c)(3)(B) provided that the transfer is subject to gift tax and does not qualify as a direct skip. In the case of an indirect skip made after December 31, 2000, to which section 2642(f) (relating to transfers subject to an estate tax inclusion period (ETIP)) does not apply, the transferor’s unused GST exemption is automatically allocated to the property transferred (but not in excess of the fair market value of the property on the date of the transfer). The automatic allocation pursuant to this paragraph is effective whether or not a Form 709 is filed reporting the transfer, and is effective as of the date of the transfer to which it relates. An automatic allocation is irrevocable after the due date of the Form 709 for the calendar year in which the transfer is made. In the case of an indirect skip to which section 2642(f) does apply, the indirect skip is deemed to be made at the close of the ETIP and the GST exemption is deemed to be allocated at that time. In either case, except as otherwise provided in paragraph (b)(2)(ii) of this section, the automatic allocation of exemption applies even if an allocation of exemption is made to the indirect skip in accordance with section 2632(a).

(ii) *Prevention of automatic allocation.* Except as otherwise provided in forms or other guidance published by the Service, the transferor may prevent the automatic allocation of GST exemption with regard to an indirect skip (including indirect skips to which section 2642(f) may apply) by making an election, as provided in paragraph (b)(2)(iii) of this section. Notwithstanding paragraph (b)(2)(iii)(B) of this section, the transferor may also prevent the automatic allocation of GST exemption with regard to an indirect skip by making an affirmative allocation of GST exemption on a Form 709 filed at any time on or before the due date for timely filing (within the meaning of paragraph (b)(1)(ii) of this section) of an amount that is less than (but not equal to) the value of the property transferred as reported on that return, in accordance with the provisions of paragraph (b)(4) of this section. See

paragraph (b)(4)(iii) *Example 6* of this section. Any election out of the automatic allocation rules under this section has no effect on the application of the automatic allocation rules applicable after the transferor's death under section 2632(e) and paragraph (d) of this section.

(iii) *Election to have automatic allocation rules not apply*—(A) *In general.* A transferor may prevent the automatic allocation of GST exemption (elect out) with respect to any transfer or transfers constituting an indirect skip made to a trust or to one or more separate shares that are treated as separate trusts under §26.2654-1(a)(1) (collectively referred to hereinafter as a trust). In the case of a transfer treated under section 2513 as made one-half by the transferor and one-half by the transferor's spouse, each spouse shall be treated as a separate transferor who must satisfy separately the requirements of paragraph (b)(2)(iii)(B) to elect out with respect to the transfer. A transferor may elect out with respect to—

(1) One or more prior-year transfers subject to section 2642(f) (regarding ETIPs) made by the transferor to a specified trust or trusts;

(2) One or more (or all) current-year transfers made by the transferor to a specified trust or trusts;

(3) One or more (or all) future transfers made by the transferor to a specified trust or trusts;

(4) All future transfers made by the transferor to all trusts (whether or not in existence at the time of the election out); or

(5) Any combination of paragraphs (b)(2)(iii)(A)(1) through (4) of this section.

(B) *Manner of making an election out.* Except as otherwise provided in forms or other guidance published by the IRS, an election out is made as described in this paragraph (b)(2)(iii)(B). To elect out, the transferor must attach a statement (election out statement) to a Form 709 filed within the time period provided in paragraph (b)(2)(iii)(C) of this section (whether or not any transfer was made in the calendar year for which the Form 709 was filed, and whether or not a Form 709 otherwise would be required to be filed for that year). See paragraph (b)(4)(iv) *Example 1* of this section. The election out statement must identify the trust (except for an election

out under paragraph (b)(2)(iii)(A)(4) of this section), and specifically must provide that the transferor is electing out of the automatic allocation of GST exemption with respect to the described transfer or transfers. Prior-year transfers that are subject to section 2642(f), and to which the election out is to apply, must be specifically described or otherwise identified in the election out statement. Further, unless the election out is made for all transfers made to the trust in the current year and/or in all future years, the current-year transfers and/or future transfers to which the election out is to apply must be specifically described or otherwise identified in the election out statement.

(C) *Time for making an election out.* To elect out, the Form 709 with the attached election out statement must be filed on or before the due date for timely filing (within the meaning of paragraph (b)(1)(ii) of this section) of the Form 709 for the calendar year in which—

(1) For a transfer subject to section 2642(f), the ETIP closes; or

(2) For all other elections out, the first transfer to be covered by the election out was made.

(D) *Effect of election out.* An election out does not affect the automatic allocation of GST exemption to any transfer not covered by the election out statement. Except for elections out for transfers described in paragraph (b)(2)(iii)(A)(1) of this section that are specifically described in an election out statement, an election out does not apply to any prior-year transfer to a trust, including any transfer subject to an ETIP (even if the ETIP closes after the election is made). An election out does not prevent the transferor from allocating the transferor's available GST exemption to any transfer covered by the election out, either on a timely filed Form 709 reporting the transfer or at a later date in accordance with the provisions of paragraph (b)(4) of this section. An election out with respect to future transfers remains in effect unless and until terminated. Once an election out with respect to future transfers is made, a transferor need not file a Form 709 in future years solely to prevent the automatic allocation of the GST exemption to any future transfer covered by the election out.

(E) *Termination of election out.* Except as otherwise provided in forms or other guidance published by the IRS, an elec-

tion out may be terminated as described in this paragraph (b)(2)(iii)(E). Pursuant to this section, a transferor may terminate an election out made on a Form 709 for a prior year, to the extent that election out applied to future transfers or to a transfer subject to section 2642(f). To terminate an election out, the transferor must attach a statement (termination statement) to a Form 709 filed on or before the due date of the Form 709 for the calendar year in which is made the first transfer to which the election out is not to apply (whether or not any transfer was made in the calendar year for which the Form 709 was filed, and whether or not a Form 709 otherwise would be required to be filed for that year). The termination statement must identify the trust (if applicable), describe the prior election out that is being terminated, specifically provide that the prior election out is being terminated, and either describe the extent to which the prior election out is being terminated or describe any current-year transfers to which the election out is not to apply. Consequently, the automatic allocation rules contained in section 2632(c)(1) will apply to any current-year transfer described on the termination statement and, except as otherwise provided in this paragraph, to all future transfers that otherwise would have been covered by the election out. The termination of an election out does not affect any transfer, or any election out, that is not described in the termination statement. The termination of an election out will not revoke the election out for any prior-year transfer, except for a prior-year transfer subject to section 2642(f) for which the election out is revoked on a timely filed Form 709 for the calendar year in which the ETIP closes or for any prior calendar year. The termination of an election out does not preclude the transferor from making another election out in the same or any subsequent year.

(3) *Election to treat trust as a GST trust*—(i) *In general.* A transferor may elect to treat any trust as a GST trust (GST trust election), without regard to whether the trust is subject to section 2642(f), with respect to—

(A) Any current-year transfer (or any or all current-year transfers) by the electing transferor to the trust;

(B) Any selected future transfers by the electing transferor to the trust;

(C) All future transfers by the electing transferor to the trust; or

(D) Any combination of paragraphs (b)(3)(i)(A) through (C) of this section.

(ii) *Time and Manner of making GST trust election.* Except as otherwise provided in forms or other guidance published by the Internal Revenue Service, a GST trust election is made as described in this paragraph (b)(3)(ii). To make a GST trust election, the transferor must attach a statement (GST trust election statement) to a Form 709 filed on or before the due date for timely filing (within the meaning of paragraph (b)(1)(ii) of this section) of the Form 709 for the calendar year in which the first transfer to be covered by the GST trust election is made (whether or not any transfer was made in the calendar year for which the Form 709 was filed, and whether or not a Form 709 otherwise would be required to be filed for that year). The GST trust election statement must identify the trust, specifically describe or otherwise clearly identify the transfers to be covered by the election, and specifically provide that the transferor is electing to have the trust treated as a GST trust with respect to the covered transfers.

(iii) *Effect of GST trust election.* Except as otherwise provided in this paragraph, a GST trust election will cause all transfers made by the electing transferor to the trust that are subject to the election to be deemed to be made to a GST trust as defined in section 2632(c)(3)(B). Thus, the electing transferor's unused GST exemption may be allocated automatically to such transfers in accordance with paragraph (b)(2) of this section. A transferor may prevent the automatic allocation of GST exemption to future transfers to the trust either by terminating the GST trust election in accordance with paragraph (b)(3)(iv) of this section (in the case of trusts that would not otherwise be treated as GST trusts) or by electing out of the automatic allocation of GST exemption in accordance with paragraph (b)(2) of this section.

(iv) *Termination of GST trust election.* Except as otherwise provided in forms or other guidance published by the Service, a GST trust election may be terminated as described in this paragraph (b)(3)(iv). A transferor may terminate a GST trust election made on a Form 709 for a prior year, to the extent that election applied to future

transfers or to a transfer subject to section 2642(f). To terminate a GST trust election, the transferor must attach a statement (termination statement) to a Form 709 filed on or before the due date for timely filing (within the meaning of paragraph (b)(1)(ii) of this section) a Form 709 for the calendar year: in which is made the electing transferor's first transfer to which the GST trust election is not to apply; or that is the first calendar year for which the GST trust election is not to apply, even if no transfer is made to the trust during that year. The termination statement must identify the trust, describe the current-year transfer (if any), and provide that the prior GST trust election is terminated. Accordingly, if the trust otherwise does not satisfy the definition of a GST trust, the automatic allocation rules contained in section 2632(c)(1) will not apply to the described current-year transfer or to any future transfers made by the transferor to the trust, unless and until another election under this paragraph (b)(3) is made.

(4) * * *(i) * * * See paragraph (b)(4)(ii) of this section. * * *

(ii) * * *(A) * * *(I) * * * For purposes of this paragraph (b)(4)(ii), the Form 709 is deemed filed on the date it is postmarked to the Internal Revenue Service address as directed in forms or other guidance published by the Service. * * *

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(iii) *Examples.* The following examples illustrate the provisions of this paragraph (b):

Example 1. Modification of allocation of GST exemption. On December 1, 2003, T transfers \$100,000 to an irrevocable GST trust described in section 2632(c)(3)(B). The transfer to the trust is not a direct skip. The date prescribed for filing the gift tax return reporting the taxable gift is April 15, 2004. On February 10, 2004, T files a Form 709 on which T properly elects out of the automatic allocation rules contained in section 2632(c)(1) with respect to the transfer in accordance with paragraph (b)(2)(iii) of this section, and allocates \$50,000 of GST exemption to the trust. On April 13th of the same year, T files an additional Form 709 on which T confirms the election out of the automatic allocation rules contained in section 2632(c)(1) and allocates \$100,000 of GST exemption to the trust in a manner that clearly indicates the intention to modify and supersede the prior allocation with respect to the 2003 transfer. The allocation made on the April 13 return supersedes the prior allocation because it is made on a timely-filed Form 709 that clearly identifies the trust and the nature and extent of the modification of GST exemption allocation. The allocation of \$100,000 of GST exemption to the trust is effective

as of December 1, 2003. The result would be the same if the amended Form 709 decreased the amount of the GST exemption allocated to the trust.

Example 2. Modification of allocation of GST exemption. The facts are the same as in *Example 1* except, on July 8, 2004, T files a Form 709 attempting to reduce the earlier allocation. The return filed on July 8, 2004, is not a timely filed return. The \$100,000 GST exemption allocated to the trust, as amended on April 13, 2004, remains in effect because an allocation, once made, is irrevocable and may not be modified after the last date on which a timely filed Form 709 may be filed.

Example 3. Effective date of late allocation of GST exemption. On November 15, 2003, T transfers \$100,000 to an irrevocable GST trust described in section 2632(c)(3)(B). The transfer to the trust is not a direct skip. The date prescribed for filing the gift tax return reporting the taxable gift is April 15, 2004. On February 10, 2004, T files a Form 709 on which T properly elects out of the automatic allocation rules contained in section 2632(c)(1) in accordance with paragraph (b)(2)(iii) of this section with respect to that transfer. On December 1, 2004, T files a Form 709 and allocates \$50,000 to the trust. The allocation is effective as of December 1, 2004.

Example 4. Effective date of late allocation of GST exemption. T transfers \$100,000 to an irrevocable GST trust on December 1, 2003, in a transfer that is not a direct skip. On April 15, 2004, T files a Form 709 on which T properly elects out of the automatic allocation rules contained in section 2632(c)(1) with respect to the entire transfer in accordance with paragraph (b)(2)(iii) of this section and T does not make an allocation of any GST exemption on the Form 709. On September 1, 2004, the trustee makes a taxable distribution from the trust to T's grandchild in the amount of \$30,000. Immediately prior to the distribution, the value of the trust assets was \$150,000. On the same date, T allocates GST exemption to the trust in the amount of \$50,000. The allocation of GST exemption on the date of the transfer is treated as preceding in point of time the taxable distribution. At the time of the GST, the trust has an inclusion ratio of .6667 (1 - (50,000/150,000)).

Example 5. Automatic allocation to split-gift. On December 1, 2003, T transfers \$50,000 to an irrevocable GST Trust described in section 2632(c)(3)(B). The transfer to the trust is not a direct skip. On April 30, 2004, T and T's spouse, S, each files an initial gift tax return for 2003, on which they consent, pursuant to section 2513, to have the gift treated as if one-half had been made by each. In spite of being made on a late-filed gift tax return for 2003, the election under section 2513 is valid because neither spouse had filed a timely gift tax return for that year. Previously, neither T nor S filed a timely gift tax return electing out of the automatic allocation rules contained in section 2632(c)(1). As a result of the election under section 2513, which is retroactive to the date of T's transfer, T and S are each treated as the transferor of one-half of the property transferred in the indirect skip. Thus, \$25,000 of T's unused GST exemption and \$25,000 of S's unused GST exemption is automatically allocated to the trust. Both allocations are effective on and after the date that T made the transfer. The result would be the same if T's transfer constituted a direct skip subject to the automatic allocation rules contained in section 2632(b).

Example 6. Partial allocation of GST exemption. On December 1, 2003, T transfers \$100,000 to an irrevocable GST trust described in section 2632(c)(3)(B). The transfer to the trust is not a direct skip. The date prescribed for filing the gift tax return reporting the taxable gift is April 15, 2004. On February 10, 2004, T files a Form 709 on which T allocates \$40,000 of GST exemption to the trust. By filing a timely Form 709 on which a partial allocation is made of \$40,000, T effectively elected out of the automatic allocation rules for the remaining value of the transfer for which T did not allocate GST exemption.

(iv) *Example.* The following example illustrates language that may be used in the statement required under paragraph (b)(2)(iii) of this section to elect out of the automatic allocation rules under various scenarios:

Example 1. On March 1, 2006, T transfers \$100,000 to Trust B, a GST trust described in section 2632(c)(3)(B). Subsequently, on September 15, 2006, T transfers an additional \$75,000 to Trust B. No other transfers are made to Trust B in 2006. T attaches an election out statement to a timely filed Form 709 for calendar year 2006. Except with regard to paragraph (v) of this *Example 1*, the election out statement identifies Trust B as required under paragraph (b)(2)(iii)(B) of this section, and contains the following alternative election statements:

(i) "T hereby elects that the automatic allocation rules will not apply to the \$100,000 transferred to Trust B on March 1, 2006." The election out of the automatic allocation rules will be effective only for T's March 1, 2006, transfer and will not apply to T's \$75,000 transfer made on September 15, 2006.

(ii) "T hereby elects that the automatic allocation rules will not apply to any transfers to Trust B in 2006." The election out of the automatic allocation rules will be effective for T's transfers to Trust B made on March 1, 2006, and September 15, 2006.

(iii) "T hereby elects that the automatic allocation rules will not apply to any transfers to Trust B made by T in 2006 or to any additional transfers T may make to Trust B in subsequent years." The election out of the automatic allocation rules will be effective for T's transfers to Trust B in 2006 and for all future transfers to be made by T to Trust B, unless and until T terminates the election out of the automatic allocation rules.

(iv) "T hereby elects that the automatic allocation rules will not apply to any transfers T has made or will make to Trust B in the years 2006 through 2008." The election out of the automatic allocation rules will be effective for T's transfers to Trust B in 2006 through 2008. T's transfers to Trust B after 2008 will be subject to the automatic allocation rules, unless T elects out of those rules for one or more years after 2008. T may terminate the election out of the automatic allocation rules for 2007, 2008, or both in accordance with the termination rules of paragraph (b)(2)(iii)(E) of this section. T may terminate the election out for one or more of the transfers made in 2006 only on a later but still timely filed Form 709 for calendar year 2006.

(v) "T hereby elects that the automatic allocation rules will not apply to any current or future transfer that T may make to any trust." The election out of the automatic allocation rules will be effective for all of T's transfers (current-year and future) to Trust B and to any and all other trusts (whether such trusts exist in 2006 or are created in a later year), unless and until T terminates the election out of the automatic allocation rules. T may terminate the election out with regard to one or more (or all) of the transfers covered by the election out in accordance with the termination rules of paragraph (b)(2)(iii)(E) of this section.

(c) *Special rules during an estate tax inclusion period—(1) In general—(i) Automatic allocations with respect to direct skips and indirect skips.* A direct skip or an indirect skip that is subject to an estate tax inclusion period (ETIP) is deemed to have been made only at the close of the ETIP. The transferor may prevent the automatic allocation of GST exemption to a direct skip or an indirect skip by electing out of the automatic allocation rules at any time prior to the due date of the Form 709 for the calendar year in which the close of the ETIP occurs (whether or not any transfer was made in the calendar year for which the Form 709 was filed, and whether or not a Form 709 otherwise would be required to be filed for that year). See paragraph (b)(2)(i) of this section regarding the automatic allocation of GST exemption to an indirect skip subject to an ETIP.

(ii) *Other allocations.* An affirmative allocation of GST exemption cannot be revoked, but becomes effective as of (and no earlier than) the date of the close of the ETIP with respect to the trust. If an allocation has not been made prior to the close of the ETIP, an allocation of exemption is effective as of the close of the ETIP during the transferor's lifetime if made by the due date for filing the Form 709 for the calendar year in which the close of the ETIP occurs (timely ETIP return). An allocation of exemption is effective in the case of the close of the ETIP by reason of the death of the transferor as provided in paragraph (d) of this section.

(iii) *Portion of trust subject to ETIP.* If any part of a trust is subject to an ETIP, the entire trust is subject to the ETIP. See §26.2642-1(b)(2) for rules determining the inclusion ratio applicable in the case of GSTs during an ETIP.

* * * * *

(5) * * *

Example 5. Election out of automatic allocation of GST exemption for trust subject to an ETIP. On December 1, 2003, T transfers \$100,000 to Trust A, an irrevocable GST trust described in section 2632(c)(3) that is subject to an estate tax inclusion period (ETIP). T made no other gifts in 2003. The ETIP terminates on December 31, 2008. T timely files a gift tax return (Form 709) reporting the gift on April 15, 2004. On May 15, 2006, T files a Form 709 on which T properly elects out of the automatic allocation rules contained in section 2632(c)(1) with respect to the December 1, 2003, transfer to Trust A in accordance with paragraph (b)(2)(iii) of this section. Because the indirect skip is not deemed to occur until December 31, 2008, T's election out of automatic GST allocation filed on May 15, 2006, is timely, and will be effective as of December 31, 2008 (unless revoked on a Form 709 filed on or before the due date of a Form 709 for calendar year 2008).

(d) * * *(1) * * * A late allocation of GST exemption by an executor, other than an allocation that is deemed to be made under section 2632(b)(1) or (c)(1), with respect to a lifetime transfer of property is made on Form 706, Form 706NA, or Form 709 (filed on or before the due date of the transferor's estate tax return) and applies as of the date the allocation is filed. * * *

* * * * *

(e) *Effective dates.* This section is applicable as provided in §26.2601-1(c), with the following exceptions:

(1) Paragraphs (b)(2) and (b)(3), the third sentence of paragraph (b)(4)(i), the fourth sentence of paragraph (b)(4)(ii)(A)(I), paragraphs (b)(4)(iii) and (b)(4)(iv), and the fourth sentence of paragraph (d)(1) of this section, which will apply to elections made on or after July 13, 2004; and

(2) Paragraph (c)(1), and *Example 5* of paragraph (c)(5), which will apply to elections made on or after June 29, 2005.

PART 602—OMB CONTROL NUMBERS UNDER THE PAPERWORK REDUCTION ACT

Par. 4. The authority citation for part 602 continues to read as follows:

Authority: 26 U.S.C. 7805.

Par. 5. In §602.101, paragraph (b) is amended by adding an entry in numerical order to the table to read as follows:

§602.101 OMB Control numbers.

* * * * *

(b) * * *

* * * * *

26.2632-1

1545-1892

* * * * *

Mark E. Matthews, Deputy Commissioner for Services and Enforcement.

Approved June 21, 2005.

Eric Solomon, Acting Deputy Assistant Secretary for Tax Policy.

(Filed by the Office of the Federal Register on June 28, 2005, 8:45 a.m., and published in the issue of the Federal Register for June 29, 2005, 70 F.R. 37258)

Section 6213.—Restrictions Applicable to Deficiencies; Petition to Tax Court

Mathematical or clerical error summary assessment procedures. This ruling clarifies whether the mathematical or clerical error assessment procedures of section 6213(b) of the Code apply when a taxpayer files an income tax return that reports income in an amount different from that reported on a W-2.

Rev. Rul. 2005-51

ISSUE

Whether the mathematical or clerical error summary assessment procedures of section 6213(b) of the Internal Revenue Code apply when a taxpayer files an income tax return that reports income in an amount different from that reported on a Form W-2, Wage and Tax Statement, attached to the return.

FACTS

Situation 1.

T, a single individual, filed a Form 1040, U.S. Individual Income Tax Return, for 2003. The return reported wages of \$18,000 on the appropriate line. No other income was reported. The only deductions

claimed by T were the standard deduction under section 63 of \$4,750 and the deduction for personal exemption under section 151 of \$3,050. The return reported taxable income of \$10,200 and a tax liability of \$1,184. T claimed federal income tax withheld in the amount of \$2,000 and a refund due of \$816.

T attached to the Form 1040 return a Form W-2, Wage and Tax Statement, issued by T's employer. The Form W-2 reported wages of \$25,000 and federal income tax withheld of \$2,000. T also attached a statement saying that he received only \$18,000 in wages during 2003, not the \$25,000 reported on the Form W-2. If T's correct wage income was the entire \$25,000 during 2003, T's correct income tax liability was \$2,234 and, after taking into account the federal income tax withheld, \$234 of tax was unpaid.

Situation 2.

T, a single individual, filed a Form 1040, U.S. Individual Income Tax Return, for 2003. The return reported wages of \$50,000 on the appropriate line. No other income was reported. The only deductions claimed by T were the standard deduction of \$4,750 and the deduction for personal exemption of \$3,050. The return reported taxable income of \$42,200 and a tax liability of \$7,366. T claimed federal income tax withheld in the amount of \$8,000 and a refund due of \$634.

T attached to the return three Forms W-2, Wage and Tax Statement, issued by T's employers. The Forms W-2 reported wages totaling \$55,000 and federal income tax withheld totaling \$8,000. One of the Forms W-2 reported wages of \$5,000 and federal income tax withheld of \$500; T did not attach a statement to the return explaining the discrepancy between the total wages reported on T's Form 1040 return and the total wages reported on the attached Forms W-2. If T's correct wage income for 2003 was \$55,000, T's correct income tax liability was \$8,616 and, after

taking into account the federal income tax withheld, \$616 of tax was unpaid.

LAW AND ANALYSIS

Section 6201(a)(1) authorizes the Secretary to assess all taxes determined by a taxpayer for which a return was made. In both Situation 1 and Situation 2, there is a discrepancy between the amounts reported on the face of the Form 1040 returns and the amounts reported on the attached Forms W-2. If the Forms W-2 are correct, the correct tax exceeds the tax shown on the returns, and there is a deficiency. See I.R.C. § 6211. If the Secretary determines a deficiency based on the information on the Forms W-2 and sends a notice of deficiency to T pursuant to section 6212, section 6213(a) prohibits the Secretary from assessing the deficiency until the period to petition that notice to the Tax Court expires or, if T files a petition, until the Tax Court's decision becomes final. The restrictions of section 6213(a) do not apply, however, in the case of mathematical or clerical errors appearing on the return, when the Secretary may summarily assess the additional tax due without mailing a notice of deficiency. I.R.C. § 6213(b)(1).

Section 6213(g)(2) defines "mathematical or clerical error" by reference to 13 enumerated situations. Those situations include "an entry on a return of an item which is inconsistent with another entry of the same or another item on such return." I.R.C. § 6213(g)(2)(C). The Tax Reform Act of 1976, Pub. L. No. 94-455, § 1206, 90 Stat. 1520 (1976) (the Act), clarified the situations in which the Secretary may use the summary assessment authority of section 6213(b) for mathematical or clerical errors arising from inconsistencies. The legislative history of the Act states that the exception for inconsistent entries applies only "where it is apparent which of the inconsistent entries is correct and which is incorrect." S. Rep. No. 938, 94th Cong., 2d Sess., 376 (1976), 1976-3 (Vol. 3) C.B. 49, 414.

Under the facts described in Situation 1 and Situation 2, it is not apparent whether the amount reported by the taxpayer on the face of the return or the amount reported on the Form W-2 is correct. In Situation 1, T's attachment explains the discrepancy between the return and the Form W-2, thereby making clear that T disputes the correctness of the Form W-2. In Situation 2, no attachment or comment explains the discrepancy between the return and the Forms W-2; while it is possible that T made a mathematical or clerical error by failing to include information from one of the three attached Forms W-2, it is also possible that T disputes the information on that form.

In the case of a discrepancy between the income reported by a taxpayer on an income tax return and the income reported on a Form W-2 attached to the return, it is not apparent which entry is correct. Therefore, the Internal Revenue Service may not

use the summary assessment procedures of section 6213(b). Instead, the Service must follow the deficiency procedures prescribed by sections 6212 and 6213(a).

HOLDING(S)

Situation 1.

The Service may not use the summary assessment procedures of section 6213(b) if T filed a Form 1040 return reporting an amount of wages and a tax liability, but attached a Form W-2 reflecting payment of a different amount of wages. In the circumstances described, the Service must issue a notice of deficiency under section 6212(a).

Situation 2.

The Service may not use the summary assessment procedures of section 6213(b) if the taxpayer filed a Form 1040 return

reporting wages from several Forms W-2 and a tax liability, but also attaches a Form W-2 reflecting payment of wages that appear not to be reported on the Form 1040 return. In the circumstances described, the Service must issue a notice of deficiency under section 6212(a) if it determines a deficiency in T's income tax for 2003.

DRAFTING INFORMATION

The principal author of this revenue ruling is Blaise G. Dusenberry of the Office of Associate Chief Counsel (Procedure & Administration). For further information regarding this revenue ruling, contact Blaise G. Dusenberry at (202) 622-7800 (not a toll-free call).

Part III. Administrative, Procedural, and Miscellaneous

NOTE:

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

- General Instructions for Forms 1099, 1098, 5498, and W-2G
- Specific Instructions for Individual Information Returns
- Form 4419 — Application for Filing Information Returns Electronically/Magnetically
- Form 4804 — Transmittal of Information Returns Reported Magnetically
- Form 8508 — Request for Waiver From Filing Information Returns Magnetically
- Form 8809 — Application for Extension of Time to File Information Returns
- Notice 210 — Preparation Instructions for Media Labels

The Internal Revenue Service, Enterprise Computing Center — Martinsburg (IRS/ECC-MTB) encourages filers to make copies of the blank forms for future use. These forms can be obtained by calling 1-800-829-3676 or on the IRS website at www.irs.gov.

Use this Revenue Procedure to prepare Tax Year 2005 and prior year information returns for submission to Internal Revenue Service (IRS) using any of the following:

- Electronic Filing
- Tape Cartridge
- 3½-Inch Diskettes

Caution to filers:

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

IMPORTANT NOTES:

IRS/ECC-MTB now offers an Internet connection at <http://fire.irs.gov> for electronic filing. The Filing Information Returns Electronically (FIRE) System will be down from Dec. 23, 2005, through Jan. 3, 2006 for upgrading. It is not operational during this time for submissions.

Beginning in Tax Year 2006, processing year 2007, IRS/ECC-MTB will no longer accept 3½-inch diskettes for filing information returns.

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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
Enterprise Computing Center — Martinsburg
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 with IRS electronically through the IRS FIRE System or magnetically, using IBM 3480, 3490, 3490E, 3590, or 3590E tape cartridges or 3 1/2-inch diskettes. This Revenue Procedure must be used for the preparation of Tax Year 2005 information returns and information

returns for tax years prior to **2005 filed beginning January 1, 2006, and postmarked by December 1, 2006**. Specifications for filing the following forms are contained in this Revenue Procedure.

- (a) Form 1098, Mortgage Interest Statement
- (b) *Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes*
- (c) Form 1098-E, Student Loan Interest Statement
- (d) Form 1098-T, Tuition Statement
- (e) Form 1099-A, Acquisition or Abandonment of Secured Property
- (f) Form 1099-B, Proceeds From Broker and Barter Exchange Transactions
- (g) Form 1099-C, Cancellation of Debt
- (h) Form 1099-CAP, Changes in Corporate Control and Capital Structure
- (i) Form 1099-DIV, Dividends and Distributions
- (j) Form 1099-G, Certain Government Payments
- (k) Form 1099-H, Health Coverage Tax Credit (HCTC) Advance Payments
- (l) Form 1099-INT, Interest Income
- (m) Form 1099-LTC, Long-Term Care and Accelerated Death Benefits
- (n) Form 1099-MISC, Miscellaneous Income
- (o) Form 1099-OID, Original Issue Discount
- (p) Form 1099-PATR, Taxable Distributions Received From Cooperatives
- (q) Form 1099-Q, Payments From Qualified Education Programs (Under Sections 529 and 530)
- (r) Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
- (s) Form 1099-S, Proceeds From Real Estate Transactions
- (t) Form 1099-SA, Distributions From an HSA, Archer MSA, or Medicare Advantage MSA
- (u) Form 5498, IRA Contribution Information
- (v) Form 5498-ESA, Coverdell ESA Contribution Information
- (w) Form 5498-SA, HSA, Archer MSA, or Medicare Advantage MSA Information
- (x) Form W-2G, Certain Gambling Winnings

.02 All data received at IRS/ECC-MTB for processing will be given the same protection as individual income tax returns (Form 1040). IRS/ECC-MTB will process the data and determine if the records are formatted and coded according to this Revenue Procedure.

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

.04 IRS/ECC-MTB does **not** process Forms W-2. Paper **and/or** magnetic media for Forms W-2 must be sent to SSA. IRS/ECC-MTB does, however, process waiver requests (Form 8508) and extension of time to file requests (Form 8809) for Forms W-2 as well as requests for an extension of time to provide the employee copies of Forms W-2.

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

.06 This Revenue Procedure also provides the requirements and specifications for electronic or magnetic media filing under the Combined Federal/State Filing Program.

.07 The following Revenue Procedures and publications provide more detailed filing procedures for certain information returns:

- (a) *2005 General Instructions for Forms 1099, 1098, 5498, and W-2G* and individual form instructions.
- (b) Publication 1179, General Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498, W-2G, and 1042-S.
- (c) Publication 1239, Specifications for Filing Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips, Magnetically/Electronically
- (d) Publication 1187, Specifications for Filing Forms 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, Electronically or Magnetically

.08 This Revenue Procedure supersedes Rev. Proc. 2004-50 published as Publication 1220 (Rev. 9-2004), Specifications for Filing Forms 1098, 1099, 5498, and W-2G Electronically or Magnetically.

Sec. 2. Nature of Changes — Current Year (Tax Year 2005)

.01 In this publication, all pertinent changes for Tax Year 2005 are emphasized by the use of *italics*. Portions of text that require special attention are in boldface text. Filers are always encouraged to read the publication in its entirety.

.02 Programming Changes

a. General

- (1) The Martinsburg Computing Center was renamed the Enterprise Computing Center — Martinsburg (ECC-MTB).
- (2) Corrections involving only the payee name are now a one step correction. See Part A, Sec. 11 for more information.
- (3) The titles of Form 1099-SA and 5498-SA, were changed to Distributions from an HSA, Archer MSA, or Medicare Advantage MSA and HSA, Archer MSA, or Medicare Advantage MSA Information respectively. Name of corresponding indicators in the Payee “B” Record have also been changed.

b. Programming Changes — Transmitter “T” Record

- (1) For all forms, Payment Year, Field Positions 2–5, must be incremented to update the four-digit report year (2004 to 2005), 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 update the four-digit report year (2004 to 2005), unless reporting prior year data.
- (2) New Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes, was added. The Type of Return in position 27 is X. Amount Code 4 in position 28 is for reporting Gross Proceeds From Sales. See Instructions for Form 1098-C for details on how to report information.
- (3) For Form 1099-G, Certain Government Payments, Amount Code 5, ATAA Payments was added.
- (4) For Form 1099-MISC, Miscellaneous Income, Amount Codes D, Section 409A Deferrals and E, Section 409A Income, were added.
- (5) For Form 1099-PATR, Taxable Distributions Received From Cooperatives, Amount Code 6 was changed to Deduction for Qualified Production Activities Income. Amount Code A is for reporting For Filer’s Use for Pass-Through Credits.

d. Programming Changes — Payee “B” Record

- (1) For all forms, Payment Year, Field Positions 2–5, must be incremented to update the four-digit report year (2004 to 2005), unless reporting prior year data.
- (2) For Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes, the following fields were added:
 - (a) Field position 546, Transaction Indicator
 - (b) Field position 547, Transfer After Improvements Indicator
 - (c) Field position 548, Transfer Below Fair Market Value Indicator
 - (d) Field positions 549–587, Make, Model and Year
 - (e) Field positions 588–612, Vehicle or Other Identification Number
 - (f) Field positions 613–651, Vehicle Description
 - (g) Field positions 652–659, Date of Contribution
 - (h) Field positions 663–722, Special Data Entries
 - (i) Field positions 723–730, Date of Sale

Sec. 3. Where To File and How to Contact the IRS, Enterprise Computing Center — Martinsburg

.01 All information returns filed electronically or magnetically are processed at IRS/ECC-MTB. Files containing information returns and requests for IRS electronic and magnetic media filing information should be sent to the following address:

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

.02 All requests for an extension of time to file information returns with IRS/ECC-MTB or to the recipients, and requests for undue hardship waivers filed on Form 8508 should be sent to the following address:

IRS-Enterprise Computing Center — Martinsburg
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:

Information Reporting Program Customer Service Section
TOLL-FREE 1-866-455-7438 or outside the U.S. 1-304-263-8700
email at mccirp@irs.gov
304-267-3367 — TDD
(Telecommunication Device for the Deaf)
304-264-5602 — Fax Machine
Electronic Filing — FIRE system
<http://fire.irs.gov>
TO OBTAIN FORMS:
1-800-TAX-FORM (1-800-829-3676)
www.irs.gov — IRS Website access to forms (See Note.)

Note: Because paper forms are scanned during processing, you cannot file with the IRS Form 1096, and Copy A of Forms 1098, 1099, or 5498 that you download and print from the IRS website.

.04 The *2005 General Instructions for Forms 1099, 1098, 5498, and W-2G* has been included in the Publication 1220 for your convenience. 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 Make requests for paper Forms 1096, 1098, 1099, 5498, and W-2G, and publications related to electronic/magnetic filing by calling the IRS toll-free number **1-800-TAX-FORM (1-800-829-3676)** or on the IRS website at **www.irs.gov**.

.06 Questions pertaining to magnetic media or internet filing of Forms W-2 **must** be directed to the Social Security Administration (SSA). Filers can call 1-800-772-6270 to obtain the phone number of the SSA Employer Service Liaison Officer for their area.

.07 Payers **should not** contact IRS/ECC-MTB 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 telephone number for contact purposes; or, the payer may be instructed to respond in writing to the address provided. IRS/ECC-MTB does **not** issue penalty notices and does **not** have the authority to abate penalties. For penalty information, refer to the Penalties section of the *2005 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 of Tax Return, 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 Customer Service Section (IRP/CSS), located at IRS/ECC-MTB, answers electronic/magnetic media, paper filing, and tax law questions from the payer community relating to the correct preparation and filing of business information returns (Forms 1096, 1098, 1099, 5498, 8027, and W-2G). IRP/CSS also answers questions relating to the electronic/magnetic media filing of Forms 1042-S and to the tax law criteria and paper filing instructions for Forms W-2 and W-3. Inquiries dealing with backup withholding and reasonable cause requirements due to missing and incorrect taxpayer identification numbers are also addressed by IRP/CSS. Assistance is available year-round to payers, transmitters, and employers nationwide, Monday through Friday, 8:30 a.m. to 4:30 p.m. Eastern time, by calling toll-free **1-866-455-7438** or via email at mccirp@irs.gov. **Do not include SSNs or EINs on emails since this is not a secure line.** The Telecommunications Device for the Deaf (TDD) toll number is **304-267-3367**. Call as soon as questions arise to avoid the busy filing seasons at the end of January and February. Recipients of information returns (payees) should continue to contact 1-800-829-1040 with any questions on how to report the information returns data on their tax returns.

.10 IRP/CSS cannot advise filers where to send state copies of paper forms. Filers must contact the Tax Department in the state where the recipient resides to obtain the correct address.

.11 Form 4419, Application for Filing Information Returns Electronically/Magnetically, Form 8809, Application for Extension of Time to File Information Returns, and Form 8508, Request for Waiver From Filing Information Returns Magnetically, may be faxed to IRS/ECC-MTB at 304-264-5602. Form 4804, Transmittal of Information Returns Filed Magnetically, **must** always be included with media shipments.

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 electronically/magnetically. **The 250* or more requirement applies separately for each type of return and separately to each type of corrected return.**

***Even though filers may submit up to 249 information returns on paper, IRS encourages filers to transmit those information returns electronically or magnetically.**

.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), or Individual Taxpayer Identification Number (ITIN). 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 March 31, 2006, are considered to have satisfied the magnetic media filing requirements.

.04 IRS/ECC-MTB has one method for filing information returns electronically; see Part B.

.05 The following requirements apply separately to both originals and corrections filed electronically/magnetically:

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

.06 The above requirements do not apply if the payer establishes undue hardship (See Part E, Sec. 5).

Sec. 5. Vendor List

.01 IRS/ECC-MTB prepares a list of vendors who support electronic or magnetic media filing. The Vendor List (Pub. 1582) contains the names of service bureaus that will produce or submit files for electronic filing or on the prescribed types of magnetic media. It also contains the names of vendors who provide software packages for payers who wish to produce electronic files or magnetic media on their own computer systems. This list is compiled as a courtesy and in no way implies IRS/ECC-MTB 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, is updated periodically. The most recent revision will be available on the IRS website at www.irs.gov.

.04 A vendor, who offers a software package, or has the capability to electronically file information returns, or has the ability to produce magnetic media for customers, and who would like to be included on the list must submit a letter or email to IRS/ECC-MTB. The request should include:

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

Sec. 6. Form 4419, Application for Filing Information Returns Electronically/Magnetically

.01 Transmitters are required to submit Form 4419, Application for Filing Information Returns Electronically/Magnetically, to request authorization to file information returns with IRS/ECC-MTB. A single Form 4419 should be filed no matter how many types of returns the transmitter will be submitting electronically/magnetically. 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.

Note: EXCEPTIONS — An additional Form 4419 is required for filing each of the following types of returns: Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding and Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips. See the back of Form 4419 for detailed instructions.

.02 Tape cartridge, diskette, and electronically filed returns may not be submitted to IRS/ECC-MTB until the application has been approved. Please read the instructions on the back of Form 4419 carefully. 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 website at 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. IRS/ECC-MTB uses the TCC to identify payer/transmitters and to track their files through the processing system. The same TCC can be used regardless of the method of filing. For example, a payer may send their production data on a tape cartridge and then later file a correction file electronically. The same TCC can be used for each filing.

.04 IRS/ECC-MTB encourages transmitters who file for multiple payers to submit one application and to use the assigned TCC for all payers. While not encouraged, multiple TCCs can be issued to payers with multiple TINs. If a transmitter uses more than one TCC to file, each TCC must be reported in separate transmissions if filing electronically or on separate media if filing magnetically.

.05 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 in the file, and send it to IRS/ECC-MTB for the payer. Other service bureaus will prepare the file and return the file to the payer for submission to IRS/ECC-MTB. These service bureaus may require the payer to obtain a TCC, which is coded in the Transmitter "T" Record. Payers should contact their service bureaus for further information.

.06 Form 4419 may be submitted anytime during the year; however, it **must** be submitted to IRS/ECC-MTB at least 30 days before the due date of the return(s) for current year processing. This will allow IRS/ECC-MTB 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/ECC-MTB, a waiver may be requested to file returns on paper documents (See Part E, Sec. 5).

.07 Once a transmitter is approved to file electronically/magnetically, it is not necessary to reapply **unless**:

- (a) The payer has discontinued filing electronically or magnetically for two consecutive years. The payer's TCC may have been reassigned by IRS/ECC-MTB. Payers who are aware the TCC assigned will no longer be used are requested to notify IRS/ECC-MTB so these numbers may be reassigned.
- (b) The payer's 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/ECC-MTB and wishes to prepare his or her own files. The payer must request a TCC by filing Form 4419.

.08 In accordance with Regulations section 1.6041-7(b), payments by separate departments of a health care carrier to providers of medical and health care services may be reported on separate returns filed electronically or magnetically. 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 electronically/magnetically should be submitted. One TCC may be used for all departments.

.09 Copies of Publication 1220 can be obtained by downloading from the IRS website at www.irs.gov.

.10 If **any** of the information (name, TIN or address) on Form 4419 changes, please notify IRS/ECC-MTB in writing so the IRS/ECC-MTB database can be updated. You may use our email address, mccirp@irs.gov, for basic name and address changes. IRS/ECC-MTB can not accept TIN information via email. A change in the method by which information returns are submitted is not information that needs to be updated (e.g., diskette to electronic). The transmitter should include the TCC in all correspondence.

.11 Approval to file does not imply endorsement by IRS/ECC-MTB of any computer software or of the quality of tax preparation services provided by a service bureau or software vendor.

Sec. 7. Test Files

.01 IRS/ECC-MTB encourages first time electronic or magnetic media filers to submit a test. Test files are **required** for filers wishing to participate in the Combined Federal/State Filing Program. See Part A, Sec. 13, for further information on the Combined Federal/State Filing Program.

.02 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 D 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/ECC-MTB 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 Electronic tests may be submitted *November 1, 2005, through February 15, 2006*. See Part B, Sec. 4.03, for information on electronic test results.

.06 Tests submitted on magnetic media should be **postmarked** no earlier than *October 1, 2005, and no later than December 1, 2005*. Tests must be **received** at ECC-MTB by December 15 in order to be processed. Test processing will not begin until November 1. For tests filed on tape cartridge, and 3 1/2-inch diskette, the transmitter must include the signed Form 4804 in the same package with the corresponding magnetic media. The "TEST" box in Block 1 on Form 4804 must be marked and the external media label must denote "TEST".

.07 IRS/ECC-MTB will send a letter of acknowledgment to indicate the magnetic media test results. Unacceptable magnetic media test filers will receive a letter and/or documentation identifying the errors. Resubmission of magnetic media test files must be **received** by IRS/ECC-MTB no later than *December 15, 2005*.

TESTING PERIODS

MAGNETIC MEDIA	ELECTRONIC FILES
November 1, 2005, through December 15, 2005*	November 1, 2005, through February 15, 2006
* Postmark media by Dec. 1 in order for media to be received at ECC-MTB by December 15	

Sec. 8. Filing of Information Returns Magnetically and Retention Requirements

.01 Form 4804, Transmittal of Information Returns Reported Magnetically, or a computer-generated substitute, must accompany **all** magnetic media shipments except for replacements, when Form 4804 is not always necessary (See Part A, Sec. 10).

.02 IRS/ECC-MTB allows for the use of computer-generated substitutes for Form 4804. The substitutes must contain all information requested on the original forms including the affidavit and signature line. Photocopies are acceptable, however, an original signature is required. When using computer-generated forms, be sure to clearly mark the tax year being reported. This will eliminate a telephone communication from IRS/ECC-MTB to question the tax year.

.03 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 unprocessed. An agent may sign 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)."

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

.05 Multiple types of media may be submitted in a shipment. However, a separate Form 4804 must be submitted for each type of media.

.06 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.

.07 Filers who have prepared their information returns in advance of the due date are encouraged to submit this information to IRS/ECC-MTB no earlier than January 1 of the year the returns are due. Filers may submit multiple original files by the due date as long as duplicate information is not sent in the files.

.08 Do not report duplicate information. If a filer submits returns electronically/magnetically, identical paper documents must not be filed. This may result in erroneous penalty notices being sent to the recipients.

.09 A self-adhesive external media label, created by the filer, must be affixed to each piece of magnetic media. 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/ECC-MTB.**

.10 When submitting files include the following:

- (a) A **signed** Form 4804
- (b) External media label (created by filer) affixed to magnetic media
- (c) IRB Box _____ of _____ labeled on outside of each package

.11 IRS/ECC-MTB will not return media after successful processing. Therefore, if the transmitter wants proof that IRS/ECC-MTB 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 mailing media to IRS/ECC-MTB. Shipping containers will not be returned.

.12 IRS/ECC-MTB 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.

.13 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:

- (a) A 4-year retention period is required for all information returns when backup withholding is imposed.
- (b) 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.

Sec. 9. 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-SA, 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 2005:

Due Dates

Electronic Filing	Magnetic Filing (See Note.)
Forms 1098, 1099, and W-2G Recipient Copy – January 31, 2006 IRS Copy – March 31, 2006	Forms 1098, 1099, and W-2G Recipient Copy – January 31, 2006 IRS Copy – February 28, 2006

Electronic/Magnetic Filing
Forms 5498*, 5498-SA* and 5498-ESA IRS Copy — May 31, 2006 Forms 5498 and 5498-SA Participant Copy — May 31, 2006 Form 5498-ESA Participant Copy — May 1, 2006
*Participants’ copies of Forms 5498 and 5498-SA to furnish fair market value information — January 31, 2006

.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 Magnetic media returns postmarked by the United States Postal Service (USPS) on or before March 1, 2006, and delivered by United States mail to the IRS/ECC-MTB after the due date, are treated as timely under the “timely mailing as timely filing” rule. Refer to the *2005 General Instructions for Forms 1099, 1098, 5498, and W-2G*, When to File, located in the back of this publication for more detailed information. 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 Private Delivery Service (PDS), the actual date of receipt by IRS/ECC-MTB will be used as the filing date. For items delivered by a designated PDS, but through a type of service not designated in Notice 2004-83, the

actual date of receipt by IRS/ECC-MTB 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 ECC-MTB, the Internal Revenue police officers will only accept media from PDSs or couriers from 7:30 a.m. to 3:00 p.m., Monday through Friday.

.04 Use this Revenue Procedure to prepare information returns filed electronically or magnetically beginning *January 1, 2006*, and postmarked no later than *December 1, 2006*.

.05 Media postmarked December 2, 2006 or later **must** have the Prior Year Data Indicator coded with a “P” in position 6 of the Transmitter “T” Record.

Sec. 10. Replacement Magnetic Media

Note: Replacement Electronic files are detailed in Part B, Sec. 5.

.01 A replacement is an information return file sent by the filer **at the request of IRS/ECC-MTB** because of errors encountered while processing the filer’s original file or correction file. After the necessary changes have been made, the entire file must be returned for processing along with the Media Tracking Slip (Form 9267) which was included in the correspondence from IRS/ECC-MTB. (See **Note**.)

Note: Filers should never send anything to IRS/ECC-MTB marked “Replacement” unless IRS/ECC-MTB has requested a replacement file in writing or via the FIRE System.

.02 Magnetic Media filers will receive a Media Tracking Slip (Form 9267), listing, and letter detailing the reason(s) their media could not be processed. It is imperative that filers maintain backup copies and/or recreate capabilities for their information return files. Open all correspondence from IRS/ECC-MTB immediately.

.03 When possible, sample records identifying errors encountered will be provided with the returned information. It is the responsibility of the transmitter to check the entire file for similar errors.

.04 Before sending replacement media, make certain the following items are in place:

- (a) Make the required changes noted in the enclosed correspondence and check entire file for other errors.
- (b) Code Transmitter “T” record, in positions 21–22 for replacement. See Part D, Sec. 3.
- (c) Code Payer “A” record in position 49 with “1” for replacement file. See Part D, Sec. 4.
- (d) Enclose Form 9267, Media Tracking Slip, with your replacement media.
- (e) Label your Media “**Replacement Data**” and indicate the appropriate Tax Year.
- (f) Complete a new Form 4804 **if any of your information has changed**.

.05 Replacement files must be corrected and returned to IRS/ECC-MTB within 45 days from the date of the letter. Refer to Part B, Sec. 5 .05, for procedures for files submitted electronically. A penalty for failure to return a replacement file will be assessed if the files are not corrected and returned within the 45 days **or if filers are notified by IRS/ECC-MTB of the need for a replacement file more than two times**. A penalty for intentional disregard of filing requirements will be assessed if a replacement file is not received. (For penalty information, refer to the Penalty section of the *2005 General Instructions for Forms 1099, 1098, 5498, and W-2G*.)

Sec. 11. Corrected Returns

- A **correction** is an information return submitted by the transmitter to correct an information return that was previously submitted to and successfully processed by IRS/ECC-MTB, but contained erroneous information.
- While we encourage you to file your corrections electronically/magnetically, you may file up to 249 paper corrections even though your originals were filed electronically or magnetically.
- **DO NOT SEND YOUR ENTIRE FILE AGAIN.** Only send the information returns in need of correction.
- Information returns omitted from the original file **must not** be coded as corrections. Submit them under a separate Payer “A” Record as original returns.
- Be sure to use the same payee account number that was used on the original submission. The account number is used to match a correction record to the original information return.
- Before creating your correction file, review the following guidelines chart carefully.

.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 filed on paper because they fall under the 250 threshold. However, if the payer has 300 Forms 1099–B to be corrected, they must be filed electronically or magnetically because they meet the 250 threshold. If for some reason a payer cannot file the 300 corrections electronically or magnetically, to avoid penalties, a request for a waiver must be submitted before filing on paper. If a waiver is approved for original documents, any correction 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 Penalties section of the *2005 General Instructions for Forms 1099, 1098, 5498, and W-2G*.) However, if payers discover errors after August 1, they should file corrections, as prompt correction is a factor considered in determining whether the intentional disregard penalty should be assessed or whether a waiver of the penalty for reasonable cause may be granted. 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.

Note: Do NOT resubmit your entire file as corrections. This will result in duplicate filing and erroneous notices may be sent to payees. Submit only those returns which need to be corrected.

.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 The payee's account number must be included on **all** correction records. This is especially important when more than one information return of the same type is reported for a payee. The account number is used to determine which information return is being corrected. It is vital that each information return reported for a payee have a unique account number. See Part D, Sec. 6, Payer's Account Number For Payee.

.05 Corrected returns may be included on the same media as original returns; however, separate "A" Records are required. Corrected returns must be identified on 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.

.06 If a payer realizes duplicate reporting has occurred, IRS/ECC-MTB should be contacted **immediately** for instructions on how to avoid notices. The standard correction process will not resolve duplicate reporting.

.07 If a payer discovers errors that affect a large number of payees, in addition to sending IRS the corrected returns and notifying the payees, IRS/ECC-MTB underreporter section should be contacted toll-free 1-866-455-7438 for additional requirements. Corrections must be submitted on actual information return documents or filed electronically/magnetically. Form 4804 must be submitted with corrected files submitted magnetically. If filing magnetically, provide the correct tax year in Block 2 of Form 4804 and on the external media label. All references to Form 4804 in the guidelines apply only to files submitted magnetically. Form 4804 is not required for electronic filing.

.08 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.

.09 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).

.10 All paper returns, whether original or corrected, must be filed with the appropriate service center. **IRS/ECC-MTB does not process paper returns.**

.11 If a payer discovers an error(s) in reporting the payer name and/or TIN, write a letter to IRS/ECC-MTB (See Part A, Sec. 3) containing the following information:

- (a) Name and address of payer
- (b) Type of error (please include the incorrect payer name/TIN that was reported)
- (c) Tax year
- (d) Payer TIN
- (e) TCC
- (f) Type of return
- (g) Number of payees
- (h) Filing method, paper, electronic, or magnetic media

.12 The “B” Record provides a 20-position field for a unique Payer’s Account Number for Payee. If a payee has more than one reporting of the same document type, it is vital that each reporting have a unique account number. 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.

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

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

Guidelines for Filing Corrected Returns Electronically/Magnetically

Error Made on the Original Return

How To File the Corrected Return

Note: References to Form 4804 apply to magnetically filed media only. Form 4804 is not required for files submitted electronically through the FIRE System. One transaction is required to make the following corrections properly. (See Note 3.)

ERROR TYPE 1

CORRECTION

- 1.** Original return was filed with one or more of the following errors:
- (a) Incorrect payment amount codes in the Payer “A” Record
 - (b) Incorrect payment amounts in the Payee “B” Record.
 - (c) Incorrect code in the distribution code field in Payee “B” Record
 - (d) Incorrect payee address
 - (e) Incorrect payee indicator (See Note 1.)
 - (f) Incorrect payee name (See Note 2.)

Note 1: *Payee indicators are non-money amount indicator fields located in the specific form record layouts of the Payee “B” Record between field positions 544–748.*

Note 2: For information on correcting errors to the payer’s name and TIN. See Part A, Sec. 11.11.

- A.** Prepare a new Form 4804 that includes information relating 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. Information in the “A” Record must be the same as it was in the original submission. However, remove the “1” (one) in Field Position 48 and set the Correction File Indicator (Field Position 50), to “1” (one).
 - 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.
 - F.** Corrected returns submitted to IRS/ECC-MTB using “G” coded “B” Records may be on the same file as those returns submitted without the “G” coded “B” Records; however, **separate “A” Records are required.**
 - G.** Prepare a separate “C” Record for each type of return and each payer being reported.
 - H.** The last record on the file will be the End of Transmission “F” Record.
 - I.** Indicate “Correction” on the external media label.
-

File layout **one** step corrections

Transmitter “T” Record	Payer “A” Record	“G” coded Payee “B” Record	“G” coded Payee “B” Record	End of Payer “C” Record	End of Transmission “F” Record
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Guidelines for Filing Corrected Returns Electronically/Magnetically

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 2.) DO NOT use the two step correction process to correct money amounts.

ERROR TYPE 2

CORRECTION

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

- (a) No payee TIN (SSN, EIN, ITIN, QI-EIN)
- (b) Incorrect payee TIN
- (c) Incorrect payee name *and address*
- (d) Wrong type of return indicator

Transaction 1: Identify incorrect returns.

- A.** Prepare a new Form 4804 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; remove the "1" from Field Position 48, and set the Correction File Indicator (Field Position 50) to "1" (one). (**See Note 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 enter "0" (zeros) in all payment amounts. (**See Note 1.**)
- F.** Corrected returns submitted to IRS/ECC-MTB 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.

- A.** Make a separate "A" Record for each type of return and each payer being reported. Remove the "1" (one) in Field Position 48 and set the Correction File Indicator (Field Position 50), to "1" (one).
 - B.** The Payee "B" Records must show the correct information as well as a Corrected Return Indicator Code of "C" in Field Position 6.
 - C.** Corrected returns submitted to IRS/ECC-MTB using "C" coded "B" Records may be on the same file as those returns submitted with "G" codes; **however, separate "A" Records are required.**
 - D.** Prepare a separate "C" Record for each type of return and each payer being reported.
-

Guidelines for Filing Corrected Returns Electronically/Magnetically (Continued)

CORRECTION

- E.** The last record on the file will be the End of Transmission "F" Record. Indicate "Correction" on the external media label.

Note 1: The Record Sequence Number will be different since this is a counter number and is unique to each file. For 1099-R corrections, if the corrected amounts are zeros, certain indicators will not be used.

Note 2: See the 2005 General Instructions for Forms 1099, 1098, 5498, and W-2G for additional information on regulations affecting corrections and related penalties.

File layout **two** step corrections

Transmitter "T" Record	Payer "A" Record	"G" coded Payee "B" Record	"G" coded Payee "B" Record	End of Payer "C" Record	Payer "A" Record
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"C" coded Payee "B" Record	"C" coded Payee "B" Record	End of Payer "C" Record	End of Transmission "F" Record
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Note 3: 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. 12. Effect on Paper Returns and Statements to Recipients

.01 Electronic/Magnetic 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/ECC-MTB for any forms filed electronically or magnetically.** 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 *2005 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. 13. Combined Federal/State Filing Program

- Through the Combined Federal/State Filing (CF/SF) Program, IRS/ECC-MTB will forward original and corrected information returns filed electronically or magnetically to participating states for approved filers.
- For approval, the filer must submit a test file coded for this program. See Part A, Sec. 7, Test Files.
- For magnetic media test files, attach a letter to Form 4804 requesting approval to participate in the CF/SF Program. Form 4804 or letter is not required for tests sent electronically.
- Approved filers are sent Form 6847, Consent for Internal Revenue Service to Release Tax Information, which must be completed and returned to IRS/ECC-MTB. A separate form is required for each payer.

.01 The Combined Federal/State Filing (CF/SF) Program was established to simplify information returns filing for the taxpayer. IRS/ECC-MTB 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 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

.02 To request approval to participate, a magnetic media test file coded for this program **must** be submitted to IRS/ECC-MTB between *November 1, 2005, and December 15, 2005*. Media must be **postmarked** no later than *December 1, 2005* in order to be received at ECC-MTB by *December 15* for processing. Electronic test files coded for this program must be submitted between *November 1, 2005, and February 15, 2006*.

.03 Attach a letter to Form 4804 submitted with the test file to indicate a desire to participate in the Combined Federal/State Filing Program. Test files sent electronically do not require Form 4804 or letter. If the test file is coded for the Combined Federal/State Filing Program and is acceptable, an approval letter and Form 6847, Consent For Internal Revenue Service to Release Tax Information, will be sent to the filer.

.04 While a test file is only required for the first year when you apply to participate in the Program, it is highly recommended that a test be sent every year you participate in the Combined Federal State Filing program. 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/ECC-MTB will send the filer an approval letter, and Form 6847, Consent for Internal Revenue Service to Release Tax Information, which the payer **must** complete, sign, and return to IRS/ECC-MTB 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/ECC-MTB will send magnetic media filers information indicating the problems. Electronic filers must log on to the FIRE System within two business days to check the acceptability of their test file. The new test file must be postmarked no later than *December 1, 2005* for magnetic media, or *February 15, 2006* for an 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 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 If a payee has a reporting requirement for more than one state, separate “B” records must be created for each state. Pro-rate the reporting, allocating what should be reported to each state. Do **not** report the total amount to each state. This will cause duplicate reporting.

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

.11 All corrections properly coded for the Combined Federal/State Filing Program will be forwarded to the participating states. Only send corrections which affect the Federal reporting. Errors which apply only to the state filing requirement should be sent directly to the state.

.12 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**.

.13 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 their criteria.

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

- (a) All records are coded exactly as required by this Revenue Procedure.
- (b) A State Total “K” Record(s) for each state(s) being reported follows the “C” Record.
- (c) Payment amount totals and the valid participating state code are included in the State Totals “K” Record(s).
- (d) The last “K” Record is 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	Indiana	18	Nebraska	31
Arizona	04	Iowa	19	New Jersey	34
Arkansas	05	Kansas	20	New Mexico	35
California	06	Louisiana	22	North Carolina	37
Colorado	07	Maine	23	North Dakota	38
Connecticut	08	Maryland	24	Ohio	39
Delaware	10	Massachusetts	25	South Carolina	45
District of Columbia	11	Minnesota	27	Virginia	51
Georgia	13	Mississippi	28	Wisconsin	55
Hawaii	15	Missouri	29		
Idaho	16	Montana	30		

* The codes listed above are correct for the IRS Combined Federal/State Filing Program and may not correspond to the state codes of other Agencies or programs.

Sample File Layout for Combined Federal/State Filer

Transmitter "T" Record	Payer "A" Record coded with 1 in position 26	Payee "B" Record with state code 15 in position 747-748	Payee "B" Record with state code 06 in position 747-748	Payee "B" Record, no state code	End of Payer "C" Record
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State Total "K" Record for "B" records coded 15. "K" record coded 15 in positions 747-748.	State Total "K" Record for "B" records coded 06. "K" record coded 06 in positions 747-748.	End of Transmission "F" Record
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Sec. 14. Penalties Associated With Information Returns

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

.02 **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 of the due date of the return (See Part A, Sec. 9 .01); maximum penalty \$75,000 per year (\$25,000 for 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 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).

.03 A late filing penalty may be assessed for a replacement file which is not returned by the required date. Files which require replacement more than two times will also be subject to penalty. See Part A, Sec. 10, for more information on replacement files.

.04 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.

.05 Failure To Furnish Correct Payee Statements (Section 6722). For information regarding penalties which may apply to failure to furnish correct payee statements, see *2005 General Instructions for Forms 1099, 1098, 5498, and W-2G*.

Sec. 15. 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	No. Mariana Islands	MP
Alaska	AK	Louisiana	LA	Ohio	OH
American Samoa	AS	Maine	ME	Oklahoma	OK
Arizona	AZ	Marshall Islands	MH	Oregon	OR
Arkansas	AR	Maryland	MD	Pennsylvania	PA
California	CA	Massachusetts	MA	Puerto Rico	PR
Colorado	CO	Michigan	MI	Rhode Island	RI
Connecticut	CT	Minnesota	MN	South Carolina	SC
Delaware	DE	Mississippi	MS	South Dakota	SD
District of Columbia	DC	Missouri	MO	Tennessee	TN
Federated States of Micronesia	FM	Montana	MT	Texas	TX
Florida	FL	Nebraska	NE	Utah	UT
Georgia	GA	Nevada	NV	Vermont	VT
Guam	GU	New Hampshire	NH	Virginia	VA
Hawaii	HI	New Jersey	NJ	(U.S.) Virgin Islands	VI
Idaho	ID	New Mexico	NM	Washington	WA
Illinois	IL	New York	NY	West Virginia	WV
Indiana	IN	North Carolina	NC	Wisconsin	WI
Iowa	IA	North Dakota	ND	Wyoming	WY
Kansas	KS				

.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. 16. Major Problems Encountered

IRS/ECC-MTB 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/ECC-MTB to request replacement files. 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 electronic/magnetic files submitted to IRS/ECC-MTB. These problems may result in IRS/ECC-MTB requesting replacement files. Some of the problems resulted from not referring to this publication for instructions.

1. Incorrect Format

- Multiple Files on diskettes — Each diskette must contain only **ONE** file, named **IRSTAX**. 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. See Part D, Sec. 10, for file layout diagram.
- Invalid record length — **ALL** Records must be 750 Positions in length.
- Prior tax year data **must** be formatted in the **current** tax year format. Be sure to use the **current Revenue Procedure (Publication 1220)** for formatting prior tax year data.

2. Unable to read tape cartridge.

Please review all tape cartridge specifications carefully (See Part C, Sections 1 and 2.)

3. No Form 4804, Transmittal of Information Returns Reported Magnetically

Each shipment of media sent to IRS/ECC-MTB must include a signed Form 4804. More than one type of media may be sent in the same shipment, (i.e., diskette, and tape cartridge) but must have a separate Form 4804 to accompany **each type of media**.

4. Discrepancy Between IRS/ECC-MTB Totals and Totals in Payer “C” Records

The “C” Record is a summary record for a type of return for a given payer. IRS compares the total number of payees and payment amounts in the “B” records with totals in the “C” Records. The two totals **must** agree. Do **NOT** enter negative amounts except when reporting Forms 1099-B or 1099-Q. Money amounts must be all numeric, right-justified and zero (0) filled. **Do Not Use Blanks.**

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

The Amount Codes used in the “A” record **MUST** correspond with the payment amount fields used in the “B” records. The amount codes must be left-justified, in ascending order with the unused positions blank. For Example: If the “B” records show payment amounts in payment amount fields 2, 4, and 7, then the “A” record must correspond with 2, 4, and 7 in the amount codes field.

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 only. **(Do Not Enter Hyphen.)** The TIN and the First Payer Name Line provided in the “A” record must correspond.

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

The tax year in the transmitter, payer and payee records should reflect the tax year of the information return being reported. For prior tax year data, there must be a “P” in position 6 of the Transmitter “T” record. Media postmarked December 2, 2005 or later **must** have the Prior Year Data Indicator coded with a “P” in position 6 of the Transmitter “T” Record. This position must be blank for current tax year data.

8. Incorrect use of Test Indicator

When sending a test file, position 28 of the Transmitter “T” record must contain a “T”, otherwise blank fill.

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

TINs entered in position 12–20 of the Payee “B” record must consist of nine numerics only. **(Do Not Enter Hyphens.)** Incorrect formatting of TINs may result in a penalty.

10. Distribution Codes for Form 1099–R Reported Incorrectly

For Forms 1099–R, there must be valid Distribution Code(s) in position 545–546 of the Payee “B” record. For valid codes (and combinations), see Guide to Distribution Codes in Part D. If only one distribution code is required, it must be entered in position 545 and position 546 must be blank. A blank in position 545 is not acceptable.

11. Incorrect Record Totals Listed on Form 4804

The Combined Total Payee Records listed on Form 4804 (Block 6) are used in the verification process of information returns. The figure in this block **must** be the total number of payee “B” records contained on each individual piece of media submitted. A separate Form 4804 should be sent for each piece of media that contains a file.

12. Missing Correction Indicator in Payee “B” Record

When a file is submitted as a correction file, there must be a correction indicator, “G” or “C” in position 6 of the Payee “B” record. See Part A, Sec. 11.

Part B. Electronic Filing Specifications

Note: The FIRE System is now on the Internet at <http://fire.irs.gov>. It is no longer a dial-up connection. The FIRE System DOES NOT provide fill-in forms. Filers must program files according to the Record Layout Specifications contained in this publication. For a list of software providers, log on to www.irs.gov and go to the [Approved IRS e-file for Business Providers link](#).

Sec. 1. General

.01 Electronic filing of Forms 1098, 1099, 5498, and W–2G information returns, originals, corrections, and replacements is offered as an alternative to magnetic media (tape cartridge or diskette) or paper filing. Filing electronically will fulfill the magnetic media requirements for those payers who are required to file magnetically. Payers who are under the filing threshold requirement, are encouraged to file electronically. If the original file was sent magnetically, but IRS/ECC-MTB has requested a replacement file, the replacement may be transmitted electronically. Also, if the original file was submitted via magnetic media, any corrections may be transmitted electronically.

.02 All electronic filing of information returns are received at IRS/ECC-MTB via the FIRE (Filing Information Returns Electronically) System. To connect to the FIRE System, point your browser to <http://fire.irs.gov>. The system is designed to support the electronic filing of information returns only.

.03 The electronic filing of information returns is not affiliated with any other IRS electronic filing programs. Filers must obtain separate approval to participate in each of them. Only inquiries concerning electronic filing of information returns should be directed to IRS/ECC-MTB.

.04 Files submitted to IRS/ECC-MTB electronically must be in standard ASCII code. Do not send magnetic media or paper forms with the same information as electronically submitted files. This would create duplicate reporting resulting in penalty notices.

.05 The record formats of the “T”, “A”, “B”, “C”, “K”, and “F” records are the same for both electronically or magnetically filed records. See Part D, Record Format Specifications and Record Layouts.

Sec. 2. Advantages of Filing Electronically

Some of the advantages of filing electronically are:

- (1) Paperless, no Form 4804 requirements.
- (2) Security — Secure Socket Layer (SSL) 128-bit encryption.
- (3) Results available within 1–2 workdays regarding the acceptability of the data transmitted. It is the filer’s responsibility to log into the system and check results.
- (4) Later due date than magnetic media or paper for electronically filed Forms 1098, 1099, and W–2G (refer to Part A, Sec. 9.01).
- (5) Allows more attempts than magnetic media filing to replace bad files within a specific time frame before imposing penalties (refer to Part B, Sec. 5.05).
- (6) Better customer service due to on-line availability of transmitter’s files for research purposes.

(7) Extended period to test electronic files: November 1, 2005 to February 15, 2006.

Sec. 3. Electronic Filing Approval Procedure

.01 Filers must obtain a Transmitter Control Code (TCC) prior to submitting files electronically. Filers who currently have a TCC for magnetic media filing may use their assigned TCC for electronic filing. Refer to Part A, Sec. 6, for information on how to obtain a TCC.

.02 Once a TCC is obtained, electronic filers assign their own user ID, password and PIN (Personal Identification Number) and do not need prior or special approval. See Part B, Sec. 6, for more information on the PIN.

.03 If a filer is submitting files for more than one TCC, it is not necessary to create a separate logon and password for each TCC.

.04 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 must be 8 alpha/numerics containing at least 1 uppercase, 1 lowercase, and 1 numeric. However, filers who forget their password or PIN, can call toll-free **1-866-455-7438** for assistance. The FIRE System may require users to change their passwords on a yearly basis.

Sec. 4. 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. If filers wish to submit an electronic test file for Tax Year 2005 (returns to be filed in 2006), it **must** be submitted to IRS/ECC-MTB **no earlier than** November 1, 2005, and **no later than** February 15, 2006.

.02 Filers who encounter problems while transmitting the electronic test file can contact IRS/ECC-MTB toll-free **1-866-455-7438** for assistance.

.03 Filers must verify the status of the transmitted test data by going to <http://fire.irs.gov> and verifying the status of their file by clicking on CHECK FILE STATUS. This information will be available within 1-2 workdays after the transmission is received by IRS/ECC-MTB. *If your results indicate:*

- (a) **"Good, Federal Reporting"** — *Your test file is good for federal reporting only. Click on the filename for additional details.*
- (b) **"Good, Federal/State Reporting"** — *Your file is good for the Combined Federal and State Filing Program (see Part A, Section 13 for further details). Click on the filename for additional details.*
- (c) **"Bad"** — *This means that your test file contained errors. Click on the filename for a list of the errors. If you want to send another test file, send it as another test (not a replacement, original or correction).*
- (d) **"Not Yet Processed"** — *The file has been received, but we do not have results available yet. Please allow another day for results.*

.04 Form 4804 is not required for test files submitted electronically. See Part B, Sec. 6.

.05 **A test file is required from filers who want approval for the Combined Federal/State Filing Program. See Part A, Sec. 13, for further details.**

Sec. 5. Electronic Submissions

.01 Electronically filed information may be submitted to IRS/ECC-MTB 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 toll-free **1-866-455-7438**.

.02 **The FIRE System will be down from December 23, 2005, through January 3, 2006.** This allows IRS/ECC-MTB to update its system to reflect current year changes.

Note: If you are sending a TY2004 file electronically, do not enter a 'P' in position 6 of the 'T' record (for prior year) unless you are sending the file after 12/22/2005. After 12/22/2005, any file submitted electronically for TY2004 or earlier will need to be coded with a 'P' in position 6 of the 'T' record.

.03 If you are sending files larger than 10,000 records electronically, data compression is encouraged. If you are considering sending files larger than 5 million records, please contact IRS/ECC-MTB for specifics. WinZip and PKZip are the only acceptable compression packages. IRS/ECC-MTB cannot accept self-extracting zip files or compressed files containing multiple files. The time required to transmit information returns electronically will vary depending upon the type of connection to the internet and if data compression is used. **The time required to transmit a file can be reduced by as much as 95 percent by using compression.**

.04 Transmitters may create files using self assigned file name(s). Files submitted electronically will be assigned a new unique file name by the FIRE System. 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 ECC-MTB to identify the file, if assistance is required.

.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 to transmit an acceptable file. If an acceptable file is not received within 60 days, the payer could be subject to late filing penalties. This only applies to files originally submitted electronically.

.06 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/ECC-MTB, but contained erroneous information. (See Note.)

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

- A **replacement** is an information return file sent by the filer because the CHECK FILE STATUS option on the FIRE System indicated the original file was bad. After the necessary changes have been made, the file must be transmitted through the FIRE System. (See Note.)

Note: Filers should never transmit anything to IRS/ECC-MTB as a “Replacement” file unless the CHECK FILE STATUS option on the FIRE System indicates the file is bad.

.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. 6. PIN Requirements

.01 Form 4804 is not required for electronic files. Instead, the user will be prompted to create a PIN consisting of 10 numerics when establishing their initial logon name and password.

.02 The PIN is required each time an ORIGINAL, CORRECTION, or REPLACEMENT file is sent electronically and is permission to release the file. It is not needed for a TEST file. An authorized agent may enter their PIN, however, the payer is responsible for the accuracy of the returns. The payer will be liable for penalties for failure to comply with filing requirements. If you forget your PIN, please call **toll-free 1-866-455-7438** for assistance.

.03 If the file is good, it is released for mainline processing after 10 calendar days from receipt. Contact us **toll-free 1-866-455-7438** within this 10-day period if there is a reason the file should not be released for further processing. If the file is bad, follow normal replacement procedures.

Sec. 7. Electronic Filing Specifications

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

.02 A transmitter must have a TCC (see Part A, Sec. 6) before a file can be transmitted. A TCC assigned for magnetic media filing should also be used for electronic filing.

.03 The results of the electronic transmission will be available in the Check File Status area of the FIRE System within 1–2 business days. It is the filer’s responsibility to verify the acceptability of files submitted by selecting the CHECK FILE STATUS option. Forms 1042-S, and 8027 require a longer processing time.

Sec. 8. Connecting to the FIRE System

.01 Point your browser to <http://fire.irs.gov> to connect to the FIRE System.

.02 Filers should turn off their pop-up blocking software before transmitting their files.

.03 Before connecting, have your TCC and EIN available.

.04 Your browser must support SSL 128-bit encryption.

.05 Your browser must be set to receive “cookies”. Cookies are used to preserve your User ID status.

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 “*Submit*”.

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

Enter and verify your *password* (the password is user assigned and must be 8 alpha/numerics, containing at least 1 uppercase, 1 lowercase and 1 numeric). FIRE may require you to change the password once a year.

Click “*Create*”.

If you receive the message “*Account Created*”, click “*OK*”.

Enter and verify your 10-digit self-assigned PIN (Personal Identification Number).

Click "**Submit**".

If you receive the message "**Your PIN has been successfully created!**", click "**OK**".

Read the bulletin(s) and/or click "**Start the FIRE application**".

Subsequent connections to The FIRE System

Click "**Log On**".

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

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

Uploading your file to the FIRE System

At Menu Options:

Click "**Send Information Returns**"

Enter your **TCC**:

Enter your **EIN**:

Click "**Submit**".

The system will then display the company name, address, city, state, ZIP code, phone number, contact and email address. This information will be used to contact or send correspondence (if necessary) 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):

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

Click the file to be replaced.

Magnetic Media Replacement

Enter the alpha character from Form 9267, Media Tracking Slip, that was sent with the request for replacement file. Click "**Submit**".

Enter your 10-digit PIN.

Click "**Submit**".

Click "**Browse**" to locate the file and open it.

Click "**Upload**".

When the upload is complete, the screen will display the total bytes received and tell you the name of the file you just uploaded.

If you have more files to upload for that TCC:

Click "**File Another?**"; otherwise,

Click "**Main Menu**".

<p>It is your responsibility to check the acceptability of your file; therefore, be sure to check back into the system in 1-2 business days using the CHECK FILE STATUS option.</p>
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Checking your FILE STATUS

At the Main Menu:

Click "**Check File Status**".
Enter your **TCC**:
Enter your **EIN**:
Click "**Search**".

If "Results" indicate:

"Good, Not Released" and you agree with the "Count of Payees", you are finished with this file. The file will automatically be released after 10 calendar days unless you contact us within this timeframe.

"Good, Released" — File has been released to our mainline processing.

"Bad" — Correct the errors and timely 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 you are finished, click on **Main Menu**.

Click "**Log Out**".

Close your Web Browser.

Sec. 9. Common Problems and Questions Associated with Electronic Filing

.01 Refer to Part A, Sec. 16, for common format errors associated with electronic/magnetic files.

.02 The following are the major errors associated with electronic filing:

NON-FORMAT ERRORS

1. Transmitter does not check the FIRE 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. If the file is good, but you do not want the file processed, you must contact IRS/ECC-MTB within 10 calendar days from the transmission of your file.

2. Incorrect file is not replaced timely.

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

3. 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.

4. Transmitter sends a file and CHECK 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 Check 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 **toll-free 1-866-455-7438** to see if this is a possibility.

5. Transmitter sends an original file that is good, and 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.

6. File is formatted as EBCDIC.

All files submitted electronically must be in standard ASCII code.

7. Transmitter has one TCC number, but is filing for multiple companies, which EIN should be used when logging into the system to send the file?

When sending the file electronically, you will need to enter the EIN of the company assigned to the TCC. When you upload the file, it will contain the EIN's for the other companies that you are filing for. This is the information that will be passed forward.

8. Transmitter sent the wrong file, what should be done?

Call us as soon as possible **toll-free 1-866-455-7438**. We may be able to stop the file before it has been processed. **Please do not send a replacement for a file that is marked as a good file.**

Part C. Magnetic Media Specifications

.01 Transmitters should be consistent in the use of recording codes and density on files. If the media does not meet these specifications, IRS/ECC-MTB will request a replacement file. Filers are encouraged to submit a test prior to submitting the actual file. Contact IRS/ECC-MTB **toll-free 1-866-455-7438, extension 5** for further information. Transmitters should also check media for viruses before submitting to IRS/ECC-MTB.

Sec. 1. Tape Cartridge Specifications

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

- (a) Must be IBM 3480, 3490, 3490E, 3590, or 3590E.
- (b) Must meet American National Standard Institute (ANSI) standards, and have the following characteristics:
 - (1) Tape cartridges must be 1/2-inch tape contained in plastic cartridges that are approximately 4-inches by 5-inches by 1-inch in dimension.
 - (2) Magnetic tape must be chromium dioxide particle based 1/2-inch tape.
 - (3) Cartridges must be 18-track, 36-track, 128-track or 256-track parallel (**See Note.**)
 - (4) Cartridges will contain 37,871 CPI, 75,742 CPI, or 3590 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 whether the cartridge is 18-track, 36-track, 128-track or 256-track.

Sec. 2. 3¹/₂-Inch Diskette Specifications

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

- (a) 3¹/₂-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 cannot contain multiple files. A file can have only **ONE** Transmitter "T" Record.
- (h) Failure to comply with instructions will result in IRS/ECC-MTB requesting a replacement file.
- (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

.02 IRS/ECC-MTB encourages transmitters to use blank or currently formatted diskettes when preparing files. If extraneous data follows the End of Transmission "F" Record, IRS/ECC-MTB will request a replacement file.

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

.04 3 1/2-inch diskettes created on a System 36 or iSeries(AS400) are **not acceptable**.

Part D. Record Format Specifications and Record Layouts

Sec. 1. General

.01 The specifications contained in this part of the Revenue Procedure define the required formation and contents of the records to be included in the electronic or magnetic media files.

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

Sec. 2. Transmitter "T" Record — General Field Descriptions

.01 The Transmitter "T" Record identifies the entity transmitting the electronic/magnetic media file and contains information which is critical if it is necessary for IRS/ECC-MTB to contact the filer.

.02 The Transmitter "T" Record is the first record on each file and is followed by a Payer "A" Record. A file format diagram is located at the end of Part D. A replacement file will be requested by IRS/ECC-MTB if the "T" Record is not present. For transmitters with multiple diskettes, refer to Part C, Sec. 2, 3 1/2-Inch Diskette Specifications.

.03 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.

.04 All records must be a fixed length of 750 positions.

.05 All alpha characters entered in the "T" Record must be upper-case, except email addresses which may be case sensitive. **Do not** use punctuation in the name and address fields.

Record Name: Transmitter "T" Record

Field Position	Field Title	Length	Description and Remarks
1	Record Type	1	Required. Enter "T".
2-5	Payment Year	4	Required. Enter "2005" (unless reporting prior year data; report the year which applies [2003, 2004, etc.] and set the Prior Year Data Indicator in field position 6).
6	Prior Year Data Indicator	1	Required. Enter "P" only if reporting prior year data; otherwise, enter blank. Do not enter a "P" if tax year is 2005. (See Note.)

Note: Current year data MAILED December 2 or later or electronic files SENT December 23 or later must be coded with a "P". Current year processing ends in December and programs are converted for the next processing year.

Record Name: Transmitter "T" Record (Continued)

Field Position	Field Title	Length	Description and Remarks
7-15	Transmitter's TIN	9	Required. Enter the transmitter's nine-digit Taxpayer Identification Number (TIN). May be an EIN or SSN.
16-20	Transmitter Control Code	5	Required. Enter the five-character alpha/numeric Transmitter Control Code (TCC) assigned by IRS/ECC-MTB. A TCC must be obtained to file data with this program.
21-22	Replacement Alpha Character	2	Required for magnetic media replacement files only. Enter the alpha/numeric character which appears immediately following the TCC number on the Media Tracking Slip (Form 9267). Form 9267 accompanies correspondence sent by IRS/ECC-MTB when files cannot be processed. This field must be blank unless a replacement file has been requested. 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, enter blanks.
23-27	Blank	5	Enter blanks.
28	Test File Indicator	1	Required for test files only. Enter a "T" if this is a test file; otherwise, enter a blank.
29	Foreign Entity Indicator	1	Enter a "1" (one) if the transmitter is a foreign entity. If the transmitter is not a foreign entity, enter a blank.
30-69	Transmitter Name	40	Required. 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	Required. Enter any additional information that may be part of the name. Left-justify information and fill unused positions with blanks.
110-149	Company Name	40	Required. Enter the name of the company to be associated with the address where correspondence should be sent.
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.
190-229	Company Mailing Address	40	Required. Enter the mailing address where correspondence should be sent.
<p>Note: Any correspondence relating to problem media or electronic files will be sent to this address. This should be the same address as in box 5 of Form 4804. 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 29 must contain a "1" (one).</p>			
230-269	Company City	40	Required. Enter the city, town, or post office where correspondence should be sent.
270-271	Company State	2	Required. Enter the valid U.S. Postal Service state abbreviation. Refer to the chart for valid state codes in Part A, Sec. 15.
272-280	Company ZIP Code	9	Required. Enter the valid nine-digit ZIP 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	Enter blanks.
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.

Record Name: Transmitter "T" Record (Continued)

Field Position	Field Title	Length	Description and Remarks						
304-343	Contact Name	40	Required. Enter the name of the person to be contacted if IRS/ECC-MTB encounters problems with the file or transmission.						
344-358	Contact Phone Number & Extension	15	Required. Enter the telephone number of the person to contact regarding electronic or magnetic files. Omit hyphens. If no extension is available, left-justify information and fill unused positions with blanks. For example, the IRS/ECC-MTB Customer Service Section phone number of 866-455-7438 with an extension of 52345 would be 866455743852345						
359-393	Contact Email Address	35	Required if available. Enter the email address of the person to contact regarding electronic or magnetic files. Left-justify information. If no email address is available, enter blanks.						
394-395	Cartridge Tape File Indicator	2	Required for tape cartridge filers only. Enter the letters "LS" (in uppercase only). Use of this field by filers using other types of media will be acceptable but is not required.						
396-410	Electronic File Name For a Replacement File	15	Required. Use for an electronic file which "FILE STATUS" has indicated was rejected. Enter the ORIGINAL or CORRECTION electronic file name assigned by the IRS electronic FIRE System. If you are sending an original, correction, or test file, enter blanks.						
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.									
411-416	Transmitter's Media Number	6	For magnetic media filers only. If your organization uses an in-house numbering system to identify media, enter that number; otherwise, enter blanks.						
417-499	Blank	83	Enter blanks.						
500-507	Record Sequence Number	8	Required. Enter the number of the record as it appears within your file. The record sequence number for the "T" record will always be "1" (one), since it is the first record on your file and you can have only one "T" record in a file. Each record, thereafter, must be incremented by one in ascending numerical sequence, i.e., 2, 3, 4, etc. Right-justify numbers with leading zeros in the field. For example, the "T" record sequence number would appear as "00000001" in the field, the first "A" record would be "00000002", the first "B" record, "00000003", the second "B" record, "00000004" and so on until you reach the final record of the file, the "F" record.						
508-517	Blank	10	Enter blanks.						
518	Vendor Indicator	1	Required. Enter the appropriate code from the table below to indicate if your software was provided by a vendor or produced in-house.						
			<table border="0"> <thead> <tr> <th><u>Indicator</u></th> <th><u>Usage</u></th> </tr> </thead> <tbody> <tr> <td>V</td> <td>Your software was purchased from a vendor or other source.</td> </tr> <tr> <td>I</td> <td>Your software was produced by in-house programmers.</td> </tr> </tbody> </table>	<u>Indicator</u>	<u>Usage</u>	V	Your software was purchased from a vendor or other source.	I	Your software was produced by in-house programmers.
<u>Indicator</u>	<u>Usage</u>								
V	Your software was purchased from a vendor or other source.								
I	Your software was produced by in-house programmers.								
Note: In-house programmer is defined as an employee or a hired contract programmer. If your software is produced in-house, the following Vendor information fields are not required.									
519-558	Vendor Name	40	Required. Enter the name of the company from whom you purchased your software.						

Record Name: Transmitter "T" Record (Continued)

Field Position	Field Title	Length	Description and Remarks
559-598	Vendor Mailing Address	40	Required. Enter the mailing address.
<p>For U.S. addresses, the vendor 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.</p>			
599-638	Vendor City	40	Required. Enter the city, town, or post office.
639-640	Vendor State	2	Required. Enter the valid U.S. Postal Service state abbreviation. Refer to the chart of valid state codes in Part A, Sec. 15.
641-649	Vendor ZIP Code	9	Required. Enter the valid nine-digit ZIP Code assigned by the U.S. Postal Service. If only the first five-digits are known, left-justify information and fill unused positions with blanks.
650-689	Vendor Contact Name	40	Required. Enter the name of the person who can be contacted concerning any software questions.
690-704	Vendor Contact Phone Number & Extension	15	Required. Enter the telephone number of the person to contact concerning software questions. Omit hyphens. If no extension is available, left-justify information and fill unused positions with blanks.
705-739	Vendor Contact Email Address	35	Required. Enter the email address of the person to contact concerning software questions. Left-justify information and fill unused positions with blanks.
740	Vendor Foreign Entity Indicator	1	Enter a "1" (one) if the vendor is a foreign entity. Otherwise, enter a blank.
741-748	Blank	8	Enter blanks.
749-750	Blank	2	Enter blanks or carriage return/line feed characters (CR/LF).

Sec. 3. 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 Phone Number & Extension	Contact Email Address	Cartridge Tape File Indicator	Electronic File Name For a Replacement File	Transmitter's Media Number	Blank	Record Sequence Number
344-358	359-393	394-395	396-410	411-416	417-499	500-507

Blank	Vendor Indicator	Vendor Name	Vendor Mailing Address	Vendor City	Vendor State
508-517	518	519-558	559-598	599-638	639-640

Vendor ZIP Code	Vendor Contact Name	Vendor Contact Phone Number & Extension	Vendor Contact Email Address	Vendor Foreign Entity Indicator	Blank	Blank or CR/LF
641-649	650-689	690-704	705-739	740	741-748	749-750

Sec. 4. 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 a reason to know that the property has been abandoned. The payer will be held responsible for the completeness, accuracy, and timely submission of electronic/magnetic files.

.02 The second record on the file must be an "A" Record. A transmitter may include Payee "B" records for more than one payer in a file. However, **each group** of "B" records must be preceded by an "A" Record and followed by an End of Payer "C" Record. A single file 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.

.03 The number of "A" Records depends on the number of payers and the different types of returns being reported. 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.

.04 The maximum number of "A" Records allowed on a file is 90,000.

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

.06 All alpha characters entered in the "A" Record must be upper case.

.07 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.

Record Name: Payer "A" Record

Field Position	Field Title	Length	Description and Remarks
1	Record Type	1	Required. Enter an "A".
2-5	Payment Year	4	Required. Enter "2005" (unless reporting prior year data; report the year which applies [2003, 2004, etc.]).
6-11	Blank	6	Enter blanks.

Record Name: Payer "A" Record (Continued)

Field Position	Field Title	Length	Description and Remarks
12-20	Payer's Taxpayer Identification Number (TIN)	9	Required. Must be the valid nine-digit Taxpayer Identification Number assigned to the payer. Do not enter blanks, hyphens, or alpha characters. 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. Package 1099 contains Form 7018-C, Order Blank for Forms, and the mail label on the package contains a four (4) character name control. If a Package 1099 has not been received, you can determine your name control using the following simple rules or you can leave the field blank. 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.
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25	Last Filing Indicator	1	Enter a "1" (one) if this is the last year this payer name and TIN will file information returns electronically, magnetically or on paper; otherwise, enter blank.
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26	Combined Federal/State Filer	1	Required for the Combined Federal/State Filing Program. Enter "1" (one) if approved or submitting a test to participate in the Combined Federal/State Filing Program; otherwise, enter blank.
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Note: If you entered one in this field position, be sure to code the Payee "B" Records with the appropriate state code. Refer to Part A, Sec. 13, for further information.

27	Type of Return	1	Required. Enter the appropriate code from the table below:																																																		
			<table border="1"> <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-C</td><td>X</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-CAP</td><td>P</td></tr> <tr><td>1099-DIV</td><td>1</td></tr> <tr><td>1099-G</td><td>F</td></tr> <tr><td>1099-H</td><td>J</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-OID</td><td>D</td></tr> <tr><td>1099-PATR</td><td>7</td></tr> <tr><td>1099-Q</td><td>Q</td></tr> <tr><td>1099-R</td><td>9</td></tr> <tr><td>1099-S</td><td>S</td></tr> <tr><td>1099-SA</td><td>M</td></tr> <tr><td>5498</td><td>L</td></tr> <tr><td>5498-ESA</td><td>V</td></tr> <tr><td>5498-SA</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-C	X	1098-E	2	1098-T	8	1099-A	4	1099-B	B	1099-C	5	1099-CAP	P	1099-DIV	1	1099-G	F	1099-H	J	1099-INT	6	1099-LTC	T	1099-MISC	A	1099-OID	D	1099-PATR	7	1099-Q	Q	1099-R	9	1099-S	S	1099-SA	M	5498	L	5498-ESA	V	5498-SA	K	W-2G	W
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Record Name: Payer "A" Record (Continued)

Field Position	Field Title	Length	Description and Remarks
28-41	Amount Codes (See Note.)	14	Required. Enter the appropriate amount codes for the type of return being reported. In most cases, the box numbers on paper information returns correspond with the amount codes used to file electronically or magnetically. However, if discrepancies occur, this Revenue Procedure governs for filing electronically/magnetically. Enter the amount codes in ascending sequence numeric characters followed by alphas, left-justify, and fill unused positions with blanks.

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)

Amount Code **Form 1098-C** — Contributions of Motor Vehicles, Boats, and Airplanes

For Reporting Gross Proceeds From Sales on Form 1098-C:

<u>Amount Code</u>	<u>Amount Type</u>
4	Gross proceeds from sales

Amount Code **Form 1098-E** — Student Loan Interest

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

Amount Codes **Form 1098-T** — Tuition Statement

For Reporting Tuition Payments on Form 1098-T:

Note: Amount codes 3 and 5 are assumed to be negative. It is not necessary to code with an over punch or dash to indicate a negative reporting. See the 2005 Instructions for Forms 1098-E and T for further Information.

<u>Amount Code</u>	<u>Amount Type</u>
1	Payments received for qualified tuition and related expenses
2	Amounts billed for qualified tuition and related expenses
3	Adjustments made for prior year
4	Scholarships or grants
5	Adjustments to scholarships or grants for a prior year
7	Reimbursements or refunds of qualified tuition and related expenses from an insurance contract

Note: For Amount Codes 1 and 2, enter either payments received OR amounts billed. DO NOT report both.

Record Name: Payer "A" Record (Continued)

Field Position	Field Title	Length	Description and Remarks
Amount Codes	Form 1099-A — Acquisition or Abandonment of Secured Property		For Reporting the Acquisition or Abandonment of Secured Property on Form 1099-A:
	See the <i>2005 Instructions for Forms 1099-A and 1099-C</i> for further information on coordination with Form 1099-C		
		<u>Amount Code</u>	<u>Amount Type</u>
		2	Balance of principal outstanding
		4	Fair market value of property
Amount Codes	Form 1099-B — Proceeds From Broker and Barter Exchange Transactions		For Reporting Payments on Form 1099-B:
		<u>Amount Code</u>	<u>Amount Type</u>
		2	Stocks, bonds, etc. (For forward contracts, See Note 1.)
		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 2005
		7	Unrealized profit (or loss) on open contracts — 12/31/2004 (See Note 2.)
		8	Unrealized profit (or loss) on open contracts — 12/31/2005 (See Note 2.)
		9	Aggregate profit (or loss) (See Note 2.)
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		For Reporting Payments 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 Note.)
Note: Use Amount Code 7 only if a combined Form 1099-A and 1099-C is being filed.			
Amount Codes	Form 1099-CAP — Changes in Corporate Control and Capital Structure		For Reporting Payments on Form 1099-CAP:
		<u>Amount Code</u>	<u>Amount Type</u>
		2	Aggregate amount received
Amount Codes	Form 1099-DIV — Dividends and Distributions		For Reporting Payments on Form 1099-DIV:
		<u>Amount Code</u>	<u>Amount Type</u>
		1	Total ordinary dividends
		2	Qualified dividends
		3	Total capital gain distribution
		6	Unrecaptured Section 1250 gain
		7	Section 1202 gain
		8	Collectibles (28%) rate gain
		9	Nondividend distributions
		A	Federal income tax withheld

Record Name: Payer "A" Record (Continued)

Field Position	Field Title	Length	Description and Remarks
			<u>Amount Code</u>
			<u>Amount Type</u>
			B Investment expenses
			C Foreign tax paid
			D Cash liquidation distributions
			E Non-cash liquidation distributions
Amount Codes	Form 1099-G — Certain Government Payments		For Reporting Payments on Form 1099-G:
			<u>Amount Code</u>
			<u>Amount Type</u>
			1 Unemployment compensation
			2 State or local income tax refunds, credits, or offsets
			4 Federal income tax withheld (backup withholding or voluntary withholding on unemployment compensation or Commodity Credit Corporation Loans, or certain crop disaster payments)
			5 <i>Alternative Trade Adjustment Assistance (ATAA) Payments</i>
			6 Taxable grants
			7 Agriculture payments
Amount Codes	Form 1099-H — Health Coverage Tax Credit (HCTC) Advance Payments		For Reporting Payments on Form 1099-H:
			<u>Amount Code</u>
			<u>Amount Type</u>
			1 Gross amount of health insurance advance payments
			2 Amount of advance payment for January
			3 Amount of advance payment for February
			4 Amount of advance payment for March
			5 Amount of advance payment for April
			6 Amount of advance payment for May
			7 Amount of advance payment for June
			8 Amount of advance payment for July
			9 Amount of advance payment for August
			A Amount of advance payment for September
			B Amount of advance payment for October
			C Amount of advance payment for November
			D Amount of advance payment for December
Amount Codes	Form 1099-INT — Interest Income		For Reporting Payments on Form 1099-INT:
			<u>Amount Code</u>
			<u>Amount Type</u>
			1 Interest income not included in Amount Code 3
			2 Early withdrawal penalty
			3 Interest on U.S. Savings Bonds and Treasury obligations
			4 Federal income tax withheld (backup withholding)
			5 Investment expenses
			6 Foreign tax paid

Record Name: Payer "A" Record (Continued)

Field Position	Field Title	Length	Description and Remarks
Amount Codes	Form 1099-LTC — Long-Term Care and Accelerated Death Benefits		For Reporting Payments on Form 1099-LTC:
		<u>Amount Code</u>	<u>Amount Type</u>
		1	Gross long-term care benefits paid
		2	Accelerated death benefits paid
Amount Codes	Form 1099-MISC — Miscellaneous Income (See Note 1.)		For Reporting Payments on Form 1099-MISC:
		<u>Amount Code</u>	<u>Amount Type</u>
		1	Rents
		2	Royalties (See Note 2.)
		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
		<i>D</i>	<i>Section 409A Deferrals</i>
		<i>E</i>	<i>Section 409A Income</i>
Note 1: When using the Direct Sales Indicator in position 547 of the Payee "B" Record, use Type of Return Code A and Amount Code 1 in 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-OID — Original Issue Discount		For Reporting Payments on Form 1099-OID:
See the 2005 Instructions for Forms 1099-INT and 1099-OID for further reporting information		<u>Amount Code</u>	<u>Amount Type</u>
		1	Original issue discount for 2005
		2	Other periodic interest
		3	Early withdrawal penalty
		4	Federal income tax withheld (backup withholding)
		6	Original issue discount on U.S. Treasury Obligations
		7	Investment expenses
Amount Codes	Form 1099-PATR — Taxable Distributions Received From Cooperatives		For Reporting Payments on Form 1099-PATR:
		<u>Amount Code</u>	<u>Amount Type</u>
		1	Patronage dividends
		2	Nonpatronage distributions
		3	Per-unit retain allocations

Record Name: Payer "A" Record (Continued)

Field Position	Field Title	Length	Description and Remarks
		<u>Amount Code</u>	<u>Amount Type</u>
		4	Federal income tax withheld (backup withholding)
		5	Redemption of nonqualified notices and retain allocations
		6	<i>Deduction for qualified production activities income</i>
		Pass-Through Credits	
		7	Investment credit
		8	Work opportunity credit
		9	Patron's alternative minimum tax (AMT) adjustment
		A	<i>For filer's use for pass-through credits</i>
Amount Codes Form 1099-Q — Payments From Qualified Education Programs (Under Sections 529 and 530)			For Reporting Payments on a Form 1099-Q:
		<u>Amount Code</u>	<u>Amount Type</u>
		1	Gross distribution
		2	Earnings
		3	Basis
Amount Codes Form 1099-R — Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.			For Reporting Payments on Form 1099-R:
		<u>Amount Code</u>	<u>Amount Type</u>
		1	Gross distribution
		2	Taxable amount (See Note 1.)
		3	Capital gain (included in Amount Code 2)
		4	Federal income tax withheld
		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 Roth conversion (See Note 2.)
Note 1: If the taxable amount cannot be determined, enter a "1" (one) in position 547 of the "B" Record. Payment Amount 2 must contain zeros.			
Note 2: 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) of the Payee "B" Record, and generally, the same amount in Payment Amount Field 1 (Gross Distribution). The IRA/SEP/SIMPLE indicator should be set to "1" (one) in Field Position 548 of the Payee "B" Record.			
Amount Codes Form 1099-S — Proceeds From Real Estate Transactions			For Reporting Payments on Form 1099-S:
		<u>Amount Code</u>	<u>Amount Type</u>
		2	Gross proceeds (See Note.)
		5	Buyer's part of real estate tax

Record Name: Payer "A" Record (Continued)

Field Position	Field Title	Length	Description and Remarks
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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 Form 1099-SA — Distributions From an HSA, Archer MSA or Medicare Advantage MSA	—	For Reporting Distributions on Form 1099-SA:	
		<u>Amount 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 5498 — IRA Contribution Information	—	For Reporting Information on Form 5498:	
		<u>Amount Code</u>	<u>Amount Type</u>
		1	IRA contributions (other than amounts in Amount Codes 2, 3, 4, 8, 9, and A) (See Notes 1 and 2.)
		2	Rollover contributions
		3	Roth conversion amount
		4	Recharacterized contributions
		5	Fair market value of account
		6	Life insurance cost included in Amount Code 1
		8	SEP contributions
		9	SIMPLE contributions
		A	Roth IRA contributions

Note 1: If reporting IRA contributions for a participant in a military operation, see 2005 Instructions for Forms 1099-R and 5498.

Note 2: 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 8*.

Amount Codes Form 5498-ESA — Coverdell ESA Contribution Information	—	For Reporting Information on Form 5498-ESA:	
		<u>Amount Code</u>	<u>Amount Type</u>
		1	Coverdell ESA contributions
		2	Rollover contributions

Amount Codes Form 5498-SA — HSA, Archer MSA, or Medicare Advantage MSA Information	—	For Reporting Information on Form 5498-SA:	
		<u>Amount Code</u>	<u>Amount Type</u>
		1	Employee or self-employed person's Archer MSA contributions made in 2005 and 2006 for 2005
		2	Total contributions made in 2005 (See current 2005 Instructions.)
		3	Total HSA/MSA contributions made in 2006 for 2005
		4	Rollover contributions (See Note.)
		5	Fair market value of HSA, Archer MSA or Medicare Advantage MSA account on Dec. 31, 2005

Note: This is the amount of any rollover made to this MSA in 2005 after a distribution from another MSA. For detailed information on reporting, see the 2005 Instructions for Forms 1099-SA and 5498-SA.

Record Name: Payer "A" Record (Continued)

Field Position	Field Title	Length	Description and Remarks								
Amount Codes	Form W-2G — Certain Gambling Winnings		For Reporting Payments on Form W-2G:								
			<table border="0"> <thead> <tr> <th align="center"><u>Amount Code</u></th> <th align="center"><u>Amount Type</u></th> </tr> </thead> <tbody> <tr> <td align="center">1</td> <td>Gross winnings</td> </tr> <tr> <td align="center">2</td> <td>Federal income tax withheld</td> </tr> <tr> <td align="center">7</td> <td>Winnings from identical wagers</td> </tr> </tbody> </table>	<u>Amount Code</u>	<u>Amount Type</u>	1	Gross winnings	2	Federal income tax withheld	7	Winnings from identical wagers
<u>Amount Code</u>	<u>Amount Type</u>										
1	Gross winnings										
2	Federal income tax withheld										
7	Winnings from identical wagers										
42-47	Blank	6	Enter blanks.								
48	Original File Indicator	1	Required for original files only. Enter "1" (one) if the information is original data. Otherwise, enter a blank.								
49	Replacement File Indicator	1	Required for replacement files only. Enter "1" (one) if this file is to replace a file that IRS/ECC-MTB has informed you in writing cannot be processed or the FIRE System indicated a FILE STATUS of bad. Otherwise, enter a blank.								
Note: If selecting the Replacement File Indicator in Position 49, Field Positions 48 and 50 must be blank. Only one indicator may be selected in positions 48, 49, and 50 for each Payer "A" Record.											
50	Correction File Indicator	1	Required for correction files only. Enter "1" (one) if this file is to correct information which was previously submitted to IRS/ECC-MTB, was processed, but contained erroneous information. Any information return which was inadvertently omitted from a file must be submitted as original. Otherwise, enter a blank.								
51	Blank	1	Enter blank.								
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. Otherwise, enter a blank.								
53-92	First Payer Name Line	40	Required. 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	Required. Identifies the entity in the Second Payer Name Line Field.								
			<table border="0"> <thead> <tr> <th align="center"><u>Code</u></th> <th align="center"><u>Meaning</u></th> </tr> </thead> <tbody> <tr> <td align="center">1</td> <td>The entity in the Second Payer Name Line Field is the transfer (or paying) agent.</td> </tr> <tr> <td align="center">0 (zero)</td> <td>The entity shown is not 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 not 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 not 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	Required. 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 actual shipping address of the payer. The street address should include number, street, apartment or suite number, or PO Box if mail is not delivered to street address. Left-justify information, and fill unused positions with blanks.								

Record Name: Payer "A" Record (Continued)

Field Position	Field Title	Length	Description and Remarks
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).			
174–213	Payer City	40	Required. 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, 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	Required. Enter the valid U.S. Postal Service state abbreviations. Refer to the chart of valid state abbreviations in Part A, Sec. 15.
216–224	Payer ZIP Code	9	Required. Enter the valid nine-digit ZIP Code assigned by the U.S. Postal Service. If only the first five-digits are known, left-justify information and fill the unused positions with blanks. For foreign countries, alpha characters are acceptable as long as the filer has entered a "1" (one) in the Foreign 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. Omit hyphens. Left-justify information and fill unused positions with blanks.
240–499	Blank	260	Enter blanks.
500–507	Record Sequence Number	8	Required. Enter the number of the record as it appears within your file. The record sequence number for the "T" record will always be "1" (one), since it is the first record on your file and you can have only one "T" record in a file. Each record, thereafter, must be incremented by one in ascending numerical sequence, i.e., 2, 3, 4, etc. Right-justify numbers with leading zeros in the field. For example, the "T" record sequence number would appear as "00000001" in the field, the first "A" record would be "00000002", the first "B" record, "00000003", the second "B" record, "00000004" and so on until you reach the final record of the file, the "F" record.
508–748	Blank	241	Enter blanks.
749–750	Blank	2	Enter blanks or carriage return/line feed (CR/LF) characters.

Sec. 5. Payer "A" Record — Record Layout

Record Type	Payment Year	Blank	Payer 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	28–41	42–47	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 Extension	Blank	Record Sequence Number	Blank	Blank or CR/LF
174-213	214-215	216-224	225-239	240-499	500-507	508-748	749-750

Sec. 6. Payee "B" Record — General Field Descriptions and Record Layouts

.01 The "B" Record contains the payment information from the information returns. 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 "B" Record, the filer **must** allow for all **fourteen** Payment Amount Fields. **For those fields not used, enter "0s" (zeros).**

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

- (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 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.

.04 All records must be a fixed length of 750 positions.

.05 A field is also provided in these specifications for Special Data Entries. This field may be used to record information required by state or local governments, or for the personal use of the filer. IRS does not use the data provided in the Special Data Entries Field; therefore, the IRS program does not check the content or format of the data entered in this field. It is the filer's option to use the Special Data Entry Field.

.06 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/ECC-MTB.

.07 Those payers participating in the Combined Federal/State Filing Program must adhere to all of the specifications in Part A, Sec. 13, to participate in this program.

.08 All alpha characters in the "B" Record must be uppercase.

.09 **Do not** use decimal points (.) to indicate dollars and cents. Payment Amount Fields must be all numerics.

Record Name: Payee "B" Record

Field Position	Field Title	Length	Description and Remarks
1	Record Type	1	Required. Enter "B".
2-5	Payment Year	4	Required. Enter "2005" (unless reporting prior year data; report the year which applies [2003, 2004, etc.]).

Record Name: Payee "B" Record (Continued)

Field Position	Field Title	Length	Description and Remarks								
6	Corrected Return Indicator (See Note.)	1	Required for corrections only. Indicates a corrected return.								
			<table border="0"> <thead> <tr> <th><u>Code</u></th> <th><u>Definition</u></th> </tr> </thead> <tbody> <tr> <td>G</td> <td>If this is a one-transaction correction or the first of a two-transaction correction</td> </tr> <tr> <td>C</td> <td>If this is the second transaction of a two-transaction correction</td> </tr> <tr> <td>Blank</td> <td>If this is not a return being submitted to correct information already processed by IRS</td> </tr> </tbody> </table>	<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
<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. 11, 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, enter blanks . This usually is the payee. If the name that corresponds to the TIN is not included in the first or second payee name line and the correct name control is not provided, a backup withholding notice may be generated for the record. Surnames of less than four characters should be left-justified, filling the unused positions with blanks. Special characters and imbedded blanks should be removed. In the case of a business, other than a sole proprietorship, use the first four significant characters of the business name. Disregard the word "the" when it is the first word of the name, unless there are only two words in the name. A dash (–) and an ampersand (&) are the only acceptable special characters. Surname prefixes are considered, e.g., for Van Elm, the name control would be VANE. 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 Payee Name Line.
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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/ECC-MTB. A dash (–) and an ampersand (&) are the only acceptable special characters.

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

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

Record Name: Payee "B" Record (Continued)

Field Position	Field Title	Length	Description and Remarks
Corporations:			
	The F irst National Bank	FIRS	
	The H ideaway	THEH	
	A&B Cafe	A&BC	
	11TH Street Inc.	11TH	
Sole Proprietor:			
	Mark H emlock DBA The Sunshine Club	HEML	
	Mark D' Allesandro	DALL	
Partnership:			
	Robert A spen and Bess Willow	ASPE	
	Harold F ir, Bruce Elm, and Joyce Spruce et al Ptr	FIR*	
Estate:			
	Frank W hite Estate	WHIT	
	Estate of Sheila B lue	BLUE	
Trusts and Fiduciaries:			
	D aisy Corporation Employee Benefit Trust	DAIS	
	Trust FBO The C herryblossom Society	CHER	
Exempt Organizations:			
	L aborer's Union, AFL-CIO	LABO	
	St. Bernard's 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:
		Code	Type of TIN
		Type of Account	
		1	EIN
			A business, organization, some sole proprietors, or other entity
		2	SSN
			An individual, including some sole proprietors
		2	ITIN
			An individual required to have a taxpayer identification number, but who is not eligible to obtain an SSN

Record Name: Payee "B" Record (Continued)

Field Position	Field Title	Length	Description and Remarks									
			<table border="0"> <tr> <td align="center"><u>Code</u></td> <td align="center"><u>Type of TIN</u></td> <td align="center"><u>Type of Account</u></td> </tr> <tr> <td align="center">2</td> <td align="center">ATIN</td> <td>An adopted individual prior to the assignment of a social security number</td> </tr> <tr> <td align="center">Blank</td> <td align="center">N/A</td> <td>If the type of TIN is not determinable, enter a blank</td> </tr> </table>	<u>Code</u>	<u>Type of TIN</u>	<u>Type of Account</u>	2	ATIN	An adopted individual prior to the assignment of a social security number	Blank	N/A	If the type of TIN is not determinable, enter a blank
<u>Code</u>	<u>Type of TIN</u>	<u>Type of Account</u>										
2	ATIN	An adopted individual prior to the assignment of a social security number										
Blank	N/A	If the type of TIN is not determinable, enter a blank										
12-20	Payee's Taxpayer Identification Number (TIN)	9	Required. 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, enter blanks. 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, enter blanks.									
Note: If you are required to report payments made through Foreign Intermediaries and Foreign Flow-Through Entities on Form 1099, see the 2005 General Instructions for Forms 1099, 1098, 5498 and W-2G for reporting requirements.												
21-40	Payer's Account Number For Payee	20	Required if submitting more than one information return of the same type for the same payee. Enter any number assigned by the payer to the payee that can be used by the IRS to distinguish between information returns. This number must be unique for each information return of the same type for the same payee. If a payee has more than one reporting of the same document type, it is vital that each reporting have a unique account number. For example, if a payer has 3 separate pension distributions for the same payee and 3 separate Forms 1099-R are filed, 3 separate unique account numbers are required. A payee's account number may be given a unique sequencing number, such as 01, 02 or A, B, etc., to differentiate each reported information return. Do not use the payee's TIN since this will not make each record unique. This information is critical 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, enter blanks. For payers with multiple locations, this field may be used to identify the location of the office submitting the information return. This code will also appear on backup withholding notices.									
45-54	Blank	10	Enter blanks.									
	Payment Amount Fields (Must be numeric)		Required. Filers should allow for all payment amounts. For those not used, enter zeros. 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 1099-B or 1099-Q. Positive and negative amounts are indicated by placing a "+" (plus) or "-" (minus) sign in the left-most position of the payment amount field. A negative over punch in the unit's 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.									

Record Name: Payee "B" Record (Continued)

Field Position	Field Title	Length	Description and Remarks
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.
199-210	Payment Amount D*	12	The amount reported in this field represents payments for Amount Code D in the "A" Record.
211-222	Payment Amount E*	12	The amount reported in this field represents payments for Amount Code E in the "A" Record.
*If there are discrepancies between the payment amount fields and the boxes on the paper forms, the instructions in this Revenue Procedure must be followed for electronic/magnetic filing.			
223-246	Reserved	24	Enter blanks.
247	Foreign Country Indicator	1	If the address of the payee is in a foreign country, enter a "1" (one) in this field; otherwise, enter blank. When filers use this indicator, they may use a free format for the payee city, state, and ZIP Code. Enter information in the following order: city, province or state, postal code, and the name of the country. Address information must not appear in the First or Second Payee Name Line.

Record Name: Payee "B" Record (Continued)

Field Position	Field Title	Length	Description and Remarks
248–287	First Payee Name Line	40	Required. 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 may be entered in the Second Payee Name Line Field. If reporting information for a sole proprietor, the individual's name must always be present on the First Payee Name Line. The use of the business name is optional in the Second Payee Name Line Field. End the First Payee Name Line with a full word. Use appropriate spacing. 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/ECC-MTB. A dash (-) and an ampersand (&) are the only acceptable special characters for First and Second Payee Name Lines.
Note: If you are required to report payments made through Foreign Intermediaries and Foreign Flow-Through Entities on Form 1099, see the 2005 General Instruction for Forms 1099, 1098, 5498, and W-2G for reporting requirements.			
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. Do not enter address information. It is important that filers provide as much payee information to IRS/ECC-MTB as possible to identify the payee associated with the TIN. Left-justify and fill unused positions with blanks. See Note above in First Payee Name Line.
328–367	Blank	40	Enter blanks.
368–407	Payee Mailing Address	40	Required. Enter mailing address of payee. Street address should include number, street, apartment or suite number, or PO Box if mail is not delivered to street address. Left-justify information and fill unused positions with blanks. This field must not contain any data other than the payee's mailing address.
408–447	Blank	40	Enter blanks.
448–487	Payee City	40	Required. 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	Required. 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. 15.
490–498	Payee ZIP Code	9	Required. 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 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	Blank	1	Enter blank.

Record Name: Payee "B" Record (Continued)

Field Position	Field Title	Length	Description and Remarks
500-507	Record Sequence Number	8	Required. Enter the number of the record as it appears within your file. The record sequence number for the "T" record will always be "1" (one), since it is the first record on your file and you can have only one "T" record in a file. Each record, thereafter, must be incremented by one in ascending numerical sequence, i.e., 2, 3, 4, etc. Right-justify numbers with leading zeros in the field. For example, the "T" record sequence number would appear as "00000001" in the field, the first "A" record would be "00000002", the first "B" record, "00000003", the second "B" record, "00000004" and so on until you reach the final record of the file, the "F" record.
508-543	Blank	36	Enter blanks.

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 For Payee
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	Payment Amount D	Payment Amount E	Reserved	Foreign Country Indicator	First Payee Name Line	Second Payee Name Line	Blank
187-198	199-210	211-222	223-246	247	248-287	288-327	328-367

Payee Mailing Address	Blank	Payee City	Payee State	Payee ZIP Code	Blank	Record Sequence Number	Blank
368-407	408-447	448-487	488-489	490-498	499	500-507	508-543

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

- (1) Form 1098
- (2) Form 1098-C
- (3) Form 1098-E
- (4) Form 1098-T
- (5) Form 1099-A
- (6) Form 1099-B
- (7) Form 1099-C
- (8) Form 1099-CAP
- (9) Form 1099-DIV*
- (10) Form 1099-G*
- (11) Form 1099-H
- (12) Form 1099-INT*
- (13) Form 1099-LTC
- (14) Form 1099-MISC*
- (15) Form 1099-OID*
- (16) Form 1099-PATR*
- (17) Form 1099-Q
- (18) Form 1099-R*
- (19) Form 1099-S
- (20) Form 1099-SA
- (21) Form 5498*
- (22) Form 5498-ESA
- (23) Form 5498-SA
- (24) Form W-2G

* These forms may be filed through the Combined Federal/State Filing Program. IRS/ECC-MTB will forward these records to participating states for filers who have been approved for the program. See Part A, Sec. 13, for information about the program, including specific codes for the record layouts.

(1) Payee “B” Record — Record Layout Positions 544-750 for Form 1098

Field Position	Field Title	Length	Description and Remarks
544-662	Blank	119	Enter blanks.
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, enter blanks.
723-748	Blank	26	Enter blanks.
749-750	Blank	2	Enter blanks or carriage return/line feed (CR/LF) characters.

Payee “B” Record — Record Layout Positions 544–750 for Form 1098

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

(2) Payee “B” Record — Record Layout Positions 544–750 for Form 1098–C

Field Position	Field Title	Length	Description and Remarks
544–545	Blank	2	Enter blanks.
546	Transaction Indicator	1	Enter “1” (one) if the amount reported in Payment Amount Field 4 is an arm’s length transaction to an unrelated party. Otherwise, enter a blank.
547	Transfer After Improvements Indicator	1	Enter “1” (one) if the vehicle will not be transferred for money, other property, or services before completion of material improvements or significant intervening use. Otherwise, enter a blank.
548	Transfer Below Fair Market Value Indicator	1	Enter “1” (one) if the vehicle is transferred to a needy individual for significantly below fair market value. Otherwise, enter a blank.
549–587	Make, Model, Year	39	Enter the make, model and year of vehicle. Left-justify and fill unused positions with blanks.
588–612	Vehicle or Other Identification Number	25	Enter the vehicle or other identification number of the donated vehicle. Left-justify and fill unused positions with blanks.
613–651	Vehicle Description	39	Enter a description of material improvements or significant intervening use and duration of use. Left-justify and fill unused positions with blanks.
652–659	Date of Contribution	8	Enter the date the contribution was made to an organization, in the format YYYYMMDD (e.g., January 5, 2005, would be 20050105). Do not enter hyphens or slashes.
660–662	Blank	3	Enter blanks.
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, enter blanks.
723–730	Date of Sale	8	Enter the date of sale, in the format YYYYMMDD (e.g., January 5, 2005, would be 20050105). Do not enter hyphens or slashes.
731–748	Blank	18	Enter blanks.
749–750	Blank	2	Enter blanks or carriage return/line feed (CR/LF) characters.

Payee "B" Record — Record Layout Positions 544-750 for Form 1098-C

<i>Blank</i>	<i>Transaction Indicator</i>	<i>Transfer After Improvements Indicator</i>	<i>Transfer Below Fair Market Value Indicator</i>	<i>Make, Model, Year</i>	<i>Vehicle or Other Identification Number</i>
544-545	546	547	548	549-587	588-612

<i>Vehicle Description</i>	<i>Date of Contribution</i>	<i>Blank</i>	<i>Special Data Entries</i>	<i>Date of Sale</i>	<i>Blank</i>	<i>Blank</i>
613-651	652-659	660-662	663-722	723-730	731-748	749-750

(3) Payee "B" Record — Record Layout Positions 544-750 for Form 1098-E

Field Position	Field Title	Length	Description and Remarks
544-546	Blank	3	Enter blanks.
547	Origination Fees/Capitalized Interest Indicator	1	Enter "1" (one) if the amount reported in Payment Amount Field 1 includes loan origination fees and/or capitalized interest. Otherwise, enter a blank.
548-662	Blank	115	Enter blanks.
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, enter blanks.
723-748	Blank	26	Enter blanks.
749-750	Blank	2	Enter blanks or carriage return/line feed (CR/LF) characters.

Payee "B" Record — Record Layout Positions 544-750 for Form 1098-E

<i>Blank</i>	<i>Origination Fees/Capitalized Interest Indicator</i>	<i>Blank</i>	<i>Special Data Entries</i>	<i>Blank</i>	<i>Blank or CR/LF</i>
544-546	547	548-662	663-722	723-748	749-750

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

Field Position	Field Title	Length	Description and Remarks
544-546	Blank	3	Enter blanks.
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 2005. Otherwise, enter a blank.
548	Graduate Student Indicator	1	Enter "1" (one) if the student is enrolled exclusively in a graduate level program. Otherwise, enter a blank.

(4) Payee "B" Record — Record Layout Positions 544-750 for Form 1098-T (Continued)

Field Position	Field Title	Length	Description and Remarks
549	Academic Period Indicator	1	Enter "1" (one) if the amount in Payment Amount Field 1 or Payment Amount Field 2 includes amounts for an academic period beginning January through March 2006. Otherwise, enter a blank.
550-662	Blank	113	Enter blanks.
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, enter blanks.
723-748	Blank	26	Enter blanks.
749-750	Blank	2	Enter blanks or carriage return/line feed (CR/LF) characters.

Payee "B" Record — Record Layout Positions 544-750 for Form 1098-T

Blank	Half-time Student Indicator	Graduate Student Indicator	Academic Period Indicator	Blank	Special Data Entries	Blank	Blank or CR/LF
544-546	547	548	549	550-662	663-722	723-748	749-750

(5) Payee "B" Record — Record Layout Positions 544-750 for Form 1099-A

Field Position	Field Title	Length	Description and Remarks						
544-546	Blank	3	Enter blanks.						
547	Personal Liability Indicator	1	Enter the appropriate indicator from the table below: <table border="0" style="margin-left: 40px;"> <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>Borrower was personally liable for repayment of the debt.</td> </tr> <tr> <td>Blank</td> <td>Borrower was not personally liable for repayment of the debt.</td> </tr> </tbody> </table>	<u>Indicator</u>	<u>Usage</u>	1	Borrower was personally liable for repayment of the debt.	Blank	Borrower was not personally liable for repayment of the debt.
<u>Indicator</u>	<u>Usage</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., January 5, 2005, would be 20050105). Do not enter hyphens or slashes.						
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	Enter blanks.						

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

Field Position	Field Title	Length	Description and Remarks
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, enter blanks.
723-748	Blank	26	Enter blanks.
749-750	Blank	2	Enter blanks or carriage return/line feed (CR/LF) characters.

Payee “B” Record — Record Layout Positions 544-750 for 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

(6) 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” (two) to indicate notification by IRS twice within three calendar years that the payee provided an incorrect name and/or TIN combination; otherwise, enter a blank.						
545-546	Blank	2	Enter blanks.						
547	Gross Proceeds Indicator	1	Enter the appropriate indicator from the following table, to identify the amount reported in Amount Code 2; otherwise, enter a blank. <table border="1"><thead><tr><th><u>Indicator</u></th><th><u>Usage</u></th></tr></thead><tbody><tr><td>1</td><td>Gross proceeds</td></tr><tr><td>2</td><td>Gross proceeds less commissions and options premiums</td></tr></tbody></table>	<u>Indicator</u>	<u>Usage</u>	1	Gross proceeds	2	Gross proceeds less commissions and options premiums
<u>Indicator</u>	<u>Usage</u>								
1	Gross proceeds								
2	Gross proceeds less commissions and options premiums								
548-555	Date of Sale or Exchange	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., January 5, 2005, would be 20050105). Enter blanks if this is an aggregate transaction. Do not enter hyphens or slashes.						

(6) Payee "B" Record — Record Layout Positions 544-750 for Form 1099-B (Continued)

Field Position	Field Title	Length	Description and Remarks
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.
608-615	Number of Shares Exchanged	8	Enter the number of shares of the corporation's stock which were exchanged in the transaction. Report whole number only. Right-justify information and fill unused positions with zeros.
616-625	Classes of Stock Exchanged	10	Enter the class of stock that was exchanged. Left-justify the information and fill unused positions with blanks.
626	Recipient Indicator	1	Enter a "1" (one) if recipient is unable to claim a loss on their tax return. Otherwise, enter a blank.
627-662	Blank	36	Enter blanks.
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, enter blanks.
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	Enter blanks.
749-750	Blank	2	Enter blanks or carriage return/line feed (CR/LF) characters.

Note: Report the Corporation's Name, Address, City, State, and ZIP in the Special Data Entry field.

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

Second TIN Notice (Optional)	Blank	Gross Proceeds Indicator	Date of Sale or Exchange	CUSIP Number	Description	Number of Shares Exchanged
544	545-546	547	548-555	556-568	569-607	608-615

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

Classes of Stock Exchanged	Recipient Indicator	Blank	Special Data Entries	State Income Tax Withheld	Local Income Tax Withheld	Blank	Blank or CR/LF
616-625	626	627-662	663-722	723-734	735-746	747-748	749-750

(7) Payee "B" Record — Record Layout Positions 544-750 for Form 1099-C

Field Position	Field Title	Length	Description and Remarks
544-546	Blank	3	Enter blanks.
547	Bankruptcy Indicator	1	Enter "1" (one) to indicate the debt was discharged in bankruptcy, if known. Otherwise, enter a blank.
548-555	Date Canceled	8	Enter the date the debt was canceled in the format of YYYYMMDD (e.g., January 5, 2005, would be 20050105). Do not enter hyphens or slashes.
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	Enter blanks.
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, enter blanks.
723-748	Blank	26	Enter blanks.
749-750	Blank	2	Enter blanks or carriage return/line feed (CR/LF) characters.

Payee "B" Record — Record Layout Positions 544-750 for Form 1099-C

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

(8) Payee "B" Record — Record Layout Positions 544-750 for Form 1099-CAP

Field Position	Field Title	Length	Description and Remarks
544-547	Blank	4	Enter blanks.

(8) Payee "B" Record — Record Layout Positions 544-750 for Form 1099-CAP (Continued)

Field Position	Field Title	Length	Description and Remarks
548-555	Date of Sale or Exchange	8	Enter the date the stock was exchanged for cash, stock in the successor corporation, or other property received in the format YYYYMMDD (e.g., January 5, 2005, would be 20050105). Do not enter hyphens or slashes.
556-607	Blank	52	Enter blanks.
608-615	Number of Shares Exchanged	8	Enter the number of shares of the corporation's stock which were exchanged in the transaction. Report whole number only. Right-justify information and fill unused positions with zeros.
616-625	Classes of Stock Exchanged	10	Enter the class of stock that was exchanged. Left-justify the information and fill unused positions with blanks.
626	Blank	1	Enter a blank.
627	Shareholder Indicator	1	Enter a "1" (one) if the shareholder cannot take a loss on their tax return. Otherwise, enter a blank.
628-662	Blank	35	Enter blanks.
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, enter blanks.
723-748	Blank	26	Enter blanks.
749-750	Blank	2	Enter blanks or carriage return/line feed (CR/LF) characters.

Payee "B" Record — Record Layout Positions 544-750 for Form 1099-CAP

Blank	Date of Sale or Exchange	Blank	Number of Shares Exchanged	Classes of Stock Exchanged
544-547	548-555	556-607	608-615	616-625

Blank	Shareholder Indicator	Blank	Special Data Entries	Blank	Blank or CR/LF
626	627	628-662	663-722	723-748	749-750

(9) 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" (two) to indicate notification by IRS twice within three calendar years that the payee provided an incorrect name and/or TIN combination; otherwise, enter a blank.
545-546	Blank	2	Enter blanks.
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 C) applies. Otherwise, enter blanks.

(9) Payee "B" Record — Record Layout Positions 544-750 for Form 1099-DIV (Continued)

Field Position	Field Title	Length	Description and Remarks
587-662	Blank	76	Enter blanks.
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, enter blanks.
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. 13, Table 1. For those payers or states not participating in this program, enter blanks.
749-750	Blank	2	Enter blanks 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

(10) Payee "B" Record — Record Layout Positions 544-750 for Form 1099-G

Field Position	Field Title	Length	Description and Remarks
544-546	Blank	3	Enter blanks.

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

Field Position	Field Title	Length	Description and Remarks						
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. <table border="0"><thead><tr><th><u>Indicator</u></th><th><u>Usage</u></th></tr></thead><tbody><tr><td>1</td><td>Income tax refund applies exclusively to a trade or business.</td></tr><tr><td>Blank</td><td>Income tax refund is a general tax refund.</td></tr></tbody></table>	<u>Indicator</u>	<u>Usage</u>	1	Income tax refund applies exclusively to a trade or business.	Blank	Income tax refund is a general tax refund.
<u>Indicator</u>	<u>Usage</u>								
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. The tax year must reflect the tax year for which the payment was made, not the tax year of Form 1099-G. The tax year must be in the four-position format of YYYY (e.g., 2005). The valid range of years for the refund is 1995 through 2004.						
Note: This data is not considered prior year data since it is required to be reported in the current tax year. Do NOT enter "P" in field position 6 of the Transmitter "T" Record.									
552-662	Blank	111	Enter blanks.						
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, enter blanks.						
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. 13, Table 1. For those payers or states not participating in this program, enter blanks.						
749-750	Blank	2	Enter blanks 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

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

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

(11) Payee “B” Record — Record Layout Positions 544-750 for Form 1099-H

Field Position	Field Title	Length	Description and Remarks
544-546	Blank	3	Enter blanks.
547-548	Number of Months Eligible	2	Required. Enter the total number of months recipient is eligible for health insurance advance payments. Right-justify and blank fill any remaining position.
549-662	Blank	114	Enter blanks.
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, enter blanks.
723-748	Blank	26	Enter blanks.
749-750	Blank	2	Enter blanks or carriage return/line feed (CR/LF) characters.

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

Blank	Number of Months Eligible	Blank	Special Data Entries	Blank	Blank or CR/LF
544-546	547-548	549-662	663-722	723-748	749-750

(12) 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” (two) to indicate notification by IRS twice within three calendar years that the payee provided an incorrect name and/or TIN combination; otherwise, enter a blank.
545-546	Blank	2	Enter blanks.
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 6) applies. Otherwise, enter blanks.
587-662	Blank	76	Enter blanks.

(12) Payee "B" Record — Record Layout Positions 544–750 for Form 1099–INT (Continued)

Field Position	Field Title	Length	Description and Remarks
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, enter blanks.
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. 13, Table 1. For those payers or states not participating in this program, enter blanks.
749–750	Blank	2	Enter blanks 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

(13) Payee "B" Record — Record Layout Positions 544–750 for Form 1099–LTC

Field Position	Field Title	Length	Description and Remarks
544–546	Blank	3	Enter blanks.

(13) Payee “B” Record — Record Layout Positions 544–750 for Form 1099-LTC (Continued)

Field Position	Field Title	Length	Description and Remarks						
547	Type of Payment Indicator	1	Enter the appropriate indicator from the following table; otherwise, enter blanks. <table><thead><tr><th><u>Indicator</u></th><th><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	Required. Enter the Social Security Number of the insured.						
557–596	Name of Insured	40	Required. Enter the name of the insured.						
597–636	Address of Insured	40	Required. Enter the address of the insured. Street address should include number, street, apartment or suite number (or PO Box if mail is not delivered to street address). Left-justify information and fill unused positions with blanks. This field must not contain any data other than payee’s address. <p>For U.S. addresses, the payee 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 insured’s city, state, and ZIP Code. For foreign addresses, 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	Required. 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	Required. 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. 15.						
679–687	ZIP Code of Insured	9	Required. Enter the valid nine-digit ZIP Code assigned by the U.S. Postal Service. If only the first five-digits are known, left-justify information and fill the unused positions with blanks. For foreign countries, alpha characters are acceptable as long as the filer has entered a “1” (one) in the Foreign Country Indicator, 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, enter blank. <table><thead><tr><th><u>Indicator</u></th><th><u>Usage</u></th></tr></thead><tbody><tr><td>1</td><td>Chronically ill</td></tr><tr><td>2</td><td>Terminally ill</td></tr></tbody></table>	<u>Indicator</u>	<u>Usage</u>	1	Chronically ill	2	Terminally ill
<u>Indicator</u>	<u>Usage</u>								
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., January 5, 2005, would be 20050105). Do not enter hyphens or slashes.						

(13) Payee "B" Record — Record Layout Positions 544–750 for Form 1099-LTC (Continued)

Field Position	Field Title	Length	Description and Remarks
697	Qualified Contract Indicator (Optional)	1	Enter a "1" (one) if benefits were from a qualified long-term care insurance contract; otherwise, enter blank.
698–722	Blank	25	Enter blanks.
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	Enter blanks.
749–750	Blank	2	Enter blank 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)	Qualified Contract Indicator (Optional)	Blank	State Income Tax Withheld	Local Income Tax Withheld	Blank	Blank or CR/LF
688	689–696	697	698–722	723–734	735–746	747–748	749–750

(14) 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" (two) to indicate notification by IRS twice within three calendar years that the payee provided an incorrect name and/or TIN combination; otherwise, enter a blank.
545–546	Blank	2	Enter blanks.
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, enter a blank.
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	Enter blanks.

(14) Payee "B" Record — Record Layout Positions 544–750 for Form 1099–MISC (Continued)

Field Position	Field Title	Length	Description and Remarks
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 used, enter blanks.
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. 13, Table 1. For those payers or states not participating in this program, enter blanks.
749–750	Blank	2	Enter blanks 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

(15) 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" (two) to indicate notification by IRS twice within three calendar years that the payee provided an incorrect name and/or TIN combination; otherwise, enter a blank.
545–546	Blank	2	Enter blanks.

(15) Payee "B" Record — Record Layout Positions 544–750 for Form 1099–OID (Continued)

Field Position	Field Title	Length	Description and Remarks
547–585	Description	39	Required. 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 (must be 4-digit year) of maturity (e.g., NYSE XYZ 12/2005). 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	Enter blanks.
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, enter blanks.
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. 13, Table I. For those payers or states not participating in this program, enter blanks.
749–750	Blank	2	Enter blanks 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

(16) 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” (two) to indicate notification by IRS twice within three calendar years that the payee provided an incorrect name and/or TIN combination; otherwise, enter a blank.
545–662	Blank	118	Enter blanks.
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 field is not utilized, enter blanks
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. 13, Table 1. For those payers or states not participating in this program, enter blanks.
749–750	Blank	2	Enter blanks 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

(17) Payee “B” Record — Record Layout Positions 544–750 for Form 1099–Q

Field Position	Field Title	Length	Description and Remarks
544–546	Blank	3	Enter blanks.
547	Trustee to Trustee Transfer Indicator	1	Required. Enter a “1” (one) if reporting a trustee to trustee transfer, otherwise, enter blank.

(17) Payee “B” Record — Record Layout Positions 544–750 for Form 1099–Q (Continued)

Field Position	Field Title	Length	Description and Remarks								
548	Type of Tuition Payment	1	Required. Enter the appropriate code from the table below to indicate the type of tuition payment, otherwise, leave blank. <table><thead><tr><th><u>Indicator</u></th><th><u>Usage</u></th></tr></thead><tbody><tr><td>1</td><td>Private program payment</td></tr><tr><td>2</td><td>State program payment</td></tr><tr><td>3</td><td>Coverdell ESA contribution</td></tr></tbody></table>	<u>Indicator</u>	<u>Usage</u>	1	Private program payment	2	State program payment	3	Coverdell ESA contribution
<u>Indicator</u>	<u>Usage</u>										
1	Private program payment										
2	State program payment										
3	Coverdell ESA contribution										
549	Designated Beneficiary	1	Required. Enter a “1” (one) if the recipient is not the designated beneficiary otherwise, enter a blank.								
550–662	Blank	113	Enter blanks.								
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, enter blanks.								
723–748	Blank	26	Enter blanks.								
749–750	Blank	2	Enter blanks or carriage return/line feed (CR/LF) characters.								

Payee “B” Record — Record Layout Positions 544–750 for Form 1099–Q

Blank	Trustee to Trustee Rollover Indicator	Type of Tuition Payment	Designated Beneficiary	Blank	Special Data Entries	Blank	Blank or CR/LF
544–546	547	548	549	550–662	663–722	723–748	749–750

(18) Payee “B” Record — Record Layout Positions 544–750 for Form 1099–R

Field Position	Field Title	Length	Description and Remarks
544	Blank	1	Enter blank.

(18) Payee “B” Record — Record Layout Positions 544–750 for Form 1099–R (Continued)

Field Position	Field Title	Length	Description and Remarks																																						
545–546	Distribution Code	2	<p>Required. Enter at least one distribution code from the table below. More than one code may apply. If only one code is necessary, it must be entered in position 545 and position 546 will be blank. 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, 4, or J 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 3, 5, 6, 9, E, F, N, Q, R, S and T cannot be used with any other codes. Distribution Code G may be used with Distribution Code 4 only if applicable.</p> <p>(For a detailed explanation of distribution codes, see the <i>2005 Instructions for Forms 1099–R and 5498.</i>)</p> <p>See chart at the end of this record layout for a diagram of valid combinations of Distribution Codes.</p> <table border="1"><thead><tr><th><u>Code</u></th><th><u>Category</u></th></tr></thead><tbody><tr><td>1</td><td>*Early distribution, no known exception (in most cases, under age 59½)</td></tr><tr><td>2</td><td>*Early distribution, exception applies (Under age 59½)</td></tr><tr><td>3</td><td>*Disability</td></tr><tr><td>4</td><td>*Death</td></tr><tr><td>5</td><td>*Prohibited transaction</td></tr><tr><td>6</td><td>Section 1035 exchange (a tax-free exchange of life insurance, annuity, or endowment contracts)</td></tr><tr><td>7</td><td>*Normal distribution</td></tr><tr><td>8</td><td>*Excess contributions plus earnings/excess deferrals (and/or earnings) taxable in 2005</td></tr><tr><td>9</td><td>Cost of current life insurance protection (premiums paid by a trustee or custodian for current insurance protection)</td></tr><tr><td>A</td><td>May be eligible for 10-year tax option</td></tr><tr><td>D</td><td>*Excess contributions plus earnings/excess deferrals taxable in 2003</td></tr><tr><td>E</td><td>Excess annual additions under section 415/certain excess amounts under section 403(b) plans</td></tr><tr><td>F</td><td>Charitable gift annuity</td></tr><tr><td>G</td><td>Direct rollover and rollover contribution</td></tr><tr><td>J</td><td>Early distribution from a Roth IRA. (This code may be used with Code 8 or P.)</td></tr><tr><td>L</td><td>Loans treated as deemed distributions under section 72(p)</td></tr><tr><td>N</td><td>Recharacterized IRA contribution made for 2005</td></tr><tr><td>P</td><td>*Excess contributions plus earnings/excess deferrals taxable in 2004</td></tr></tbody></table>	<u>Code</u>	<u>Category</u>	1	*Early distribution, no known exception (in most cases, under age 59½)	2	*Early distribution, exception applies (Under age 59½)	3	*Disability	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 2005	9	Cost of current life insurance protection (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 2003	E	Excess annual additions under section 415/certain excess amounts under section 403(b) plans	F	Charitable gift annuity	G	Direct rollover and rollover contribution	J	Early distribution from a Roth IRA. (This code may be used with Code 8 or P.)	L	Loans treated as deemed distributions under section 72(p)	N	Recharacterized IRA contribution made for 2005	P	*Excess contributions plus earnings/excess deferrals taxable in 2004
<u>Code</u>	<u>Category</u>																																								
1	*Early distribution, no known exception (in most cases, under age 59½)																																								
2	*Early distribution, exception applies (Under age 59½)																																								
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8	*Excess contributions plus earnings/excess deferrals (and/or earnings) taxable in 2005																																								
9	Cost of current life insurance protection (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 2003																																								
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N	Recharacterized IRA contribution made for 2005																																								
P	*Excess contributions plus earnings/excess deferrals taxable in 2004																																								

(18) Payee “B” Record — Record Layout Positions 544–750 for Form 1099–R (Continued)

Field Position	Field Title	Length	Description and Remarks
			Code Category
			Q Qualified distribution from a Roth IRA. (Distribution from a Roth IRA when the 5-year holding period has been met, and the recipient has reached 59½, has died, or is disabled.)
			R Recharacterized IRA contribution made for 2004 (See Note.)
			S *Early distribution from a SIMPLE IRA in first 2 years, no known exception
			T Roth IRA distribution, exception applies if participant has reached 59½, died or is disabled.

***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, enter blank. (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.
548	IRA/SEP/ SIMPLE Indicator	1	Enter “1” (one) for a traditional IRA, SEP, or SIMPLE distribution or Roth conversion; otherwise, enter a blank. (See Note.) If the IRA/SEP/SIMPLE Indicator is used, enter the amount of the Roth conversion or distribution in Payment Amount Field A of the Payee “B” Record. Do not use the indicator for a distribution from a Roth or for an IRA recharacterization.

Note: For Form 1099–R, generally, report the Roth conversion or total amount distributed from a traditional IRA, SEP, or SIMPLE in Payment Amount Field A (traditional IRA/SEP/SIMPLE distribution or Roth conversion), as well as Payment Amount Field 1 (Gross Distribution) of the “B” Record. Refer to the 2005 Instructions for Forms 1099–R and 5498 for exceptions (Box 2a instructions).

549	Total Distribution Indicator (See Note.)	1	Enter a “1” (one) only if the payment shown for Distribution Amount Code 1 is a total distribution that closed out the account; otherwise, enter a blank.
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Note: A total distribution is one or more distributions within one tax year in which the entire balance of the account is distributed. Any distribution that does not meet this definition is not a total distribution.

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, enter blanks. Filers are not required to enter this information for any IRA distribution or for direct rollovers.
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(18) Payee "B" Record — Record Layout Positions 544–750 for Form 1099–R (Continued)

Field Position	Field Title	Length	Description and Remarks
552–662	Blank	111	Enter blanks.
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, enter blanks.
723–734	State Income Tax Withheld	12	State income tax withheld is for the convenience of the filer. 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. 13, Table 1. For those payers or states not participating in this program, enter blanks.
749–750	Blank	2	Enter blanks or carriage return/line feed (CR/LF) characters.

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POSITION 546

	blank	1	2	3	4	5	6	7	8	9	A	D	E	F	G	J	L	N	P	Q	R	S	T
P O S I T I O N	1	X							X		X						X		X				
	2	X							X		X								X				
	3	X																					
	4	X							X		X	X			X		X		X				
	5	X																					
	6	X																					
	7	X									X												
	8	X	X	X		X											X						
	9	X																					
5 4 5	A				X			X															
	D	X	X	X	X																		
	E	X																					
	F	X																					
	G	X				X																	
	J	X							X											X			
	L	X	X			X																	
	N	X																					
	P	X	X	X		X											X						
	Q	X																					
R	X																						
S	X																						
T	X																						

X – Denotes valid combinations

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	Percentage of Total Distribution
544	545–546	547	548	549	550–551

Blank	Special Data Entries	State Income Tax Withheld	Local Income Tax Withheld	Combined Federal/State Code	Blank or CR/LF
552–662	663–722	723–734	735–746	747–748	749–750

(19) Payee “B” Record — Record Layout Positions 544–750 for Form 1099-S

Field Position	Field Title	Length	Description and Remarks
544–546	Blank	3	Enter blanks.

(19) Payee "B" Record — Record Layout Positions 544–750 for Form 1099–S (Continued)

Field Position	Field Title	Length	Description and Remarks
547	Property or Services Indicator	1	Required. Enter "1" (one) if the transferor received or will receive property (other than cash and consideration treated as cash in computing gross proceeds) or services as part of the consideration for the property transferred. Otherwise, enter a blank.
548–555	Date of Closing	8	Required. Enter the closing date in the format YYYYMMDD (e.g., January 5, 2005, would be 20050105). Do not enter hyphens or slashes.
556–594	Address or Legal Description	39	Required. 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	Enter blanks.
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, enter blanks.
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	Enter blank.
749–750	Blank	2	Enter blanks 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

(20) Payee “B” Record — Record Layout Positions 544–750 for Form 1099–SA

Field Position	Field Title	Length	Description and Remarks														
544	Blank	1	Enter blank.														
545	Distribution Code	1	Required. Enter the applicable code to indicate the type of payment. <table><thead><tr><th><u>Code</u></th><th><u>Category</u></th></tr></thead><tbody><tr><td>1</td><td>Normal distribution</td></tr><tr><td>2</td><td>Excess contribution</td></tr><tr><td>3</td><td>Disability</td></tr><tr><td>4</td><td>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.)</td></tr><tr><td>5</td><td>Prohibited transaction</td></tr><tr><td>6</td><td>Death distribution after year of death to a nonspouse beneficiary. (Do not use for distribution to an estate.)</td></tr></tbody></table>	<u>Code</u>	<u>Category</u>	1	Normal distribution	2	Excess contribution	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 after year of death to a nonspouse beneficiary. (Do not use for distribution to an estate.)
<u>Code</u>	<u>Category</u>																
1	Normal distribution																
2	Excess contribution																
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 after year of death to a nonspouse beneficiary. (Do not use for distribution to an estate.)																
546	Blank	1	Enter a blank.														
547	Medicare Advantage MSA Indicator	1	Enter “1” (one) if distributions are from a Medicare Advantage MSA. Otherwise, enter a blank.														
548	HSA Indicator	1	Enter “1” (one) if distributions are from a HSA. Otherwise, enter a blank.														
549	Archer MSA Indicator	1	Enter “1” (one) if distributions are from an Archer MSA. Otherwise, enter a blank.														
550–662	Blank	113	Enter blanks.														
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, enter blanks.														
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	Enter blanks.														
749–750	Blank	2	Enter blanks or carriage return/line feed (CR/LF) characters.														

Payee “B” Record — Record Layout Positions 544–750 for Form 1099-SA

Blank	Distribution Code	Blank	Medicare Advantage MSA Indicator	HSA Indicator	Archer MSA Indicator	Blank	Special Data Entries
544	545	546	547	548	549	550–662	663–722

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

(21) Payee “B” Record — Record Layout Positions 544–750 for Form 5498

Field Position	Field Title	Length	Description and Remarks
544–546	Blank	3	Enter blanks.
547	IRA Indicator (Individual Retirement Account)	1	Required, if applicable. Enter “1” (one) if reporting a rollover (Amount Code 2) or Fair Market Value (Amount Code 5) for an IRA. Otherwise, enter a blank.
548	SEP Indicator (Simplified Employee Pension)	1	Required, if applicable. Enter “1” (one) if reporting rollover (Amount Code 2) or Fair Market Value (Amount Code 5) for a SEP. Otherwise, enter a blank.
549	SIMPLE Indicator (Savings Incentive Match Plan for Employees)	1	Required, if applicable. Enter “1” (one) if reporting a rollover (Amount Code 2) or Fair Market Value (Amount Code 5) for a SIMPLE. Otherwise, enter a blank.
550	Roth IRA Indicator	1	Required, if applicable. Enter “1” (one) if reporting a rollover (Amount Code 2) or Fair Market Value (Amount Code 5) for a Roth IRA. Otherwise, enter a blank.
551	RMD Indicator	1	Required. Enter “1” (one) if reporting RMD for 2006. Otherwise, enter a blank.
552–662	Blank	111	Enter blanks.
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, enter blanks. (See Note.)
723–746	Blank	24	Enter blanks.
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. 13, Table 1. For those payers or states not participating in this program, enter blanks.

(21) Payee "B" Record — Record Layout Positions 544–750 for Form 5498 (Continued)

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

Note: For delayed contributions for U.S. Armed Forces, use the Special Data Entry field to report the year for which the contribution was made, the amount of the contribution and one of the indicators as outlined in the current Instructions for Forms 1099–R and 5498.

Payee "B" Record — Record Layout Positions 544–750 for Form 5498

Blank	IRA Indicator	SEP Indicator	SIMPLE Indicator	Roth IRA Indicator	RMD Indicator
544–546	547	548	549	550	551

Blank	Special Data Entries	Blank	Combined Federal/State Code	Blank or CR/LF
552–662	663–722	723–746	747–748	749–750

(22) Payee "B" Record — Record Layout Positions 544–750 for Form 5498–ESA

Field Position	Field Title	Length	Description and Remarks
544–662	Blank	119	Enter blanks.
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, enter blanks.
723–748	Blank	26	Enter blanks.
749–750	Blank	2	Enter blanks or carriage return/line feed (CR/LF) characters.

Payee "B" Record — Record Layout Positions 544–750 for Form 5498–ESA

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

(23) Payee "B" Record — Record Layout Positions 544–750 for Form 5498–SA

Field Position	Field Title	Length	Description and Remarks
544–546	Blank	3	Enter blanks.

(23) Payee "B" Record — Record Layout Positions 544–750 for Form 5498-SA (Continued)

Field Position	Field Title	Length	Description and Remarks
547	Medicare Advantage MSA Indicator	1	Enter "1" (one) for Medicare Advantage MSA. Otherwise enter a blank.
548	HSA Indicator	1	Enter "1" (one) for HSA. Otherwise enter a blank.
549	Archer MSA Indicator	1	Enter "1" (one) for Archer MSA. Otherwise enter a blank.
550–662	Blank	113	Enter blanks.
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, enter blanks.
723–748	Blank	26	Enter blanks.
749–750	Blank	2	Enter blanks or carriage return/line feed (CR/LF) characters.

Payee "B" Record — Record Layout Positions 544–750 for Form 5498-SA

Blank	Medicare Advantage MSA Indicator	HSA Indicator	Archer MSA Indicator	Blank	Special Data Entries	Blank	Blank or CR/LF
544–546	547	548	549	550–662	663–722	723–748	749–750

(24) Payee "B" Record — Record Layout Positions 544–750 for Form W-2G

Field Position	Field Title	Length	Description and Remarks																		
544–546	Blank	3	Enter blanks.																		
547	Type of Wager Code	1	Required. Enter the applicable type of wager code from the table below.																		
			<table border="1"> <thead> <tr> <th><u>Code</u></th> <th><u>Category</u></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>	<u>Code</u>	<u>Category</u>	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
<u>Code</u>	<u>Category</u>																				
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																				

(24) Payee "B" Record — Record Layout Positions 544–750 for Form W-2G (Continued)

Field Position	Field Title	Length	Description and Remarks
548–555	Date Won	8	Required. Enter the date of the winning transaction in the format YYYYMMDD (e.g., January 5, 2005, would be 20050105). Do not enter hyphens or slashes. This is not the date the money was paid, if paid after the date of the race (or game).
556–570	Transaction	15	Required. 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, enter blanks.
571–575	Race	5	If applicable, enter the race (or game) relating to the winning ticket; otherwise, enter blanks.
576–580	Cashier	5	If applicable, enter the initials or number of the cashier making the winning payment; otherwise, enter blanks.
581–585	Window	5	If applicable, enter the window number or location of the person paying the winning payment; otherwise, enter blanks.
586–600	First ID	15	For other than state lotteries, enter the first identification number of the person receiving the winning payment; otherwise, enter blanks.
601–615	Second ID	15	For other than state lotteries, enter the second identification number of the person receiving the winnings; otherwise, enter blanks.
616–662	Blank	47	Enter blanks.
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, enter blanks.
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	Enter blanks.
749–750	Blank	2	Enter blanks 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

Payee "B" Record — Record Layout Positions 544–750 for Form W-2G (Continued)

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. 7. End of Payer "C" Record — General Field Descriptions and Record Layout

.01 The "C" Record consists of the total number of payees and the totals of the payment amount fields filed for each payer and/or particular type of return. The "C" Record must follow the last "B" Record for each type of return for each payer.

.02 For each "A" Record and group of "B" Records on the file, there must be a corresponding "C" Record.

.03 The End of Payer "C" Record is a fixed length of 750 positions. The control fields are each 18 positions in length.

Record Name: End of Payer "C" Record

Field Position	Field Title	Length	Description and Remarks
1	Record Type	1	Required. Enter "C."
2–9	Number of Payees	8	Required. 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	Enter blanks.
16–33	Control Total 1	18	Required. Accumulate totals of any payment amount fields in the "B" Records into the appropriate control total fields of the "C" Record. Control totals must be right-justified and unused control total fields zero-filled. All control total fields are 18 positions in length. Each payment amount must contain U.S. dollars and cents. The right-most two positions represent cents in the payment amount fields.
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	
232–249	Control Total D	18	
250–267	Control Total E	18	
268–499	Blank	232	Enter blanks.

Record Name: End of Payer "C" Record (Continued)

Field Position	Field Title	Length	Description and Remarks
500-507	Record Sequence Number	8	Required. Enter the number of the record as it appears within your file. The record sequence number for the "T" record will always be "1" (one), since it is the first record on your file and you can have only one "T" record in a file. Each record, thereafter, must be incremented by one in ascending numerical sequence, i.e., 2, 3, 4, etc. Right-justify numbers with leading zeros in the field. For example, the "T" record sequence number would appear as "00000001" in the field, the first "A" record would be "00000002", the first "B" record, "00000003", the second "B" record, "00000004" and so on until you reach the final record of the file, the "F" record.
508-748	Blank	241	Enter blanks.
749-750	Blank	2	Enter blanks 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	Control Total D	Control Total E	Blank
124-141	142-159	160-177	178-195	196-213	214-231	232-249	250-267	268-499

Record Sequence Number	Blank	Blank or CR/LF
500-507	508-748	749-750

Sec. 8. State Totals "K" Record — General Field Descriptions and Record Layout

.01 The State Totals "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.

.02 The "K" Record will contain the total number of payees and the total 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 D.

.03 The "K" Record is a fixed length of 750 positions. The control total fields are each 18 positions in length.

.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. 13, for the requirements and conditions that **must** be met to file via this program.

**Record Name: 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	Required. Enter "K."
2-9	Number of Payees	8	Required. 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	Enter blanks.
16-33	Control Total 1	18	Required. 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. Each payment amount must contain U.S. dollars and cents. The right-most two positions represent cents in the payment amount fields. Control totals must be right-justified and unused control total fields zero-filled. 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	
232-249	Control Total D	18	
250-267	Control Total E	18	
268-499	Blank	232	Enter blanks.
500-507	Record Sequence Number	8	Required. Enter the number of the record as it appears within your file. The record sequence number for the "T" record will always be "1" (one), since it is the first record on your file and you can have only one "T" record in a file. Each record, thereafter, must be incremented by one in ascending numerical sequence, i.e., 2, 3, 4, etc. Right-justify numbers with leading zeros in the field. For example, the "T" record sequence number would appear as "00000001" in the field, the first "A" record would be "00000002", the first "B" record, "00000003", the second "B" record, "00000004" and so on until you reach the final record of the file, the "F" record.
508-706	Blank	199	Enter blanks.
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, enter blanks.
725-742	Local Income Tax Withheld Total	18	Local income tax withheld total is for the convenience of the filer. Aggregate totals of the local income tax withheld field in the Payee "B" Records; otherwise, enter blanks.
743-746	Blank	4	Enter blanks.

Record Name: 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
747-748	Combined Federal/State Code	2	Required. Enter the code assigned to the state which is to receive the information. (Refer to Part A, Sec. 13, Table I.)
749-750	Blank	2	Enter blanks 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	Control Total D	Control Total E	Blank
124-141	142-159	160-177	178-195	196-213	214-231	232-249	250-267	268-499

Record Sequence Number	Blanks	State Income Tax Withheld Total	Local Income Tax Withheld Total	Blank	Combined Federal/State Code	Blank or CR/LF
500-507	508-706	707-724	725-742	743-746	747-748	749-750

Sec. 9. End of Transmission "F" Record — General Field Descriptions and Record Layout

- .01 The End of Transmission "F" Record is a summary of the number of payers in the entire file.
- .02 The "F" Record is a fixed record length of 750 positions.
- .03 This record must 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	Required. Enter "F."
2-9	Number "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.
31-49	Blank	19	Enter blanks.
50-57	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. If you have entered this total in the "T" Record, you may leave this field blank.

Record Name: End of Transmission "F" Record (Continued)

Field Position	Field Title	Length	Description and Remarks
58-499	Blank	442	Enter blanks.
500-507	Record Sequence Number	8	Required. Enter the number of the record as it appears within your file. The record sequence number for the "T" record will always be "1" (one), since it is the first record on your file and you can have only one "T" record in a file. Each record, thereafter, must be incremented by one in ascending numerical sequence, i.e., 2, 3, 4, etc. Right-justify numbers with leading zeros in the field. For example, the "T" record sequence number would appear as "00000001" in the field, the first "A" record would be "00000002", the first "B" record, "00000003", the second "B" record, "00000004" and so on until you reach the final record of the file, the "F" record.
508-748	Blank	241	Enter blanks.
749-750	Blank	2	Enter blanks or carriage return/line feed (CR/LF) characters.

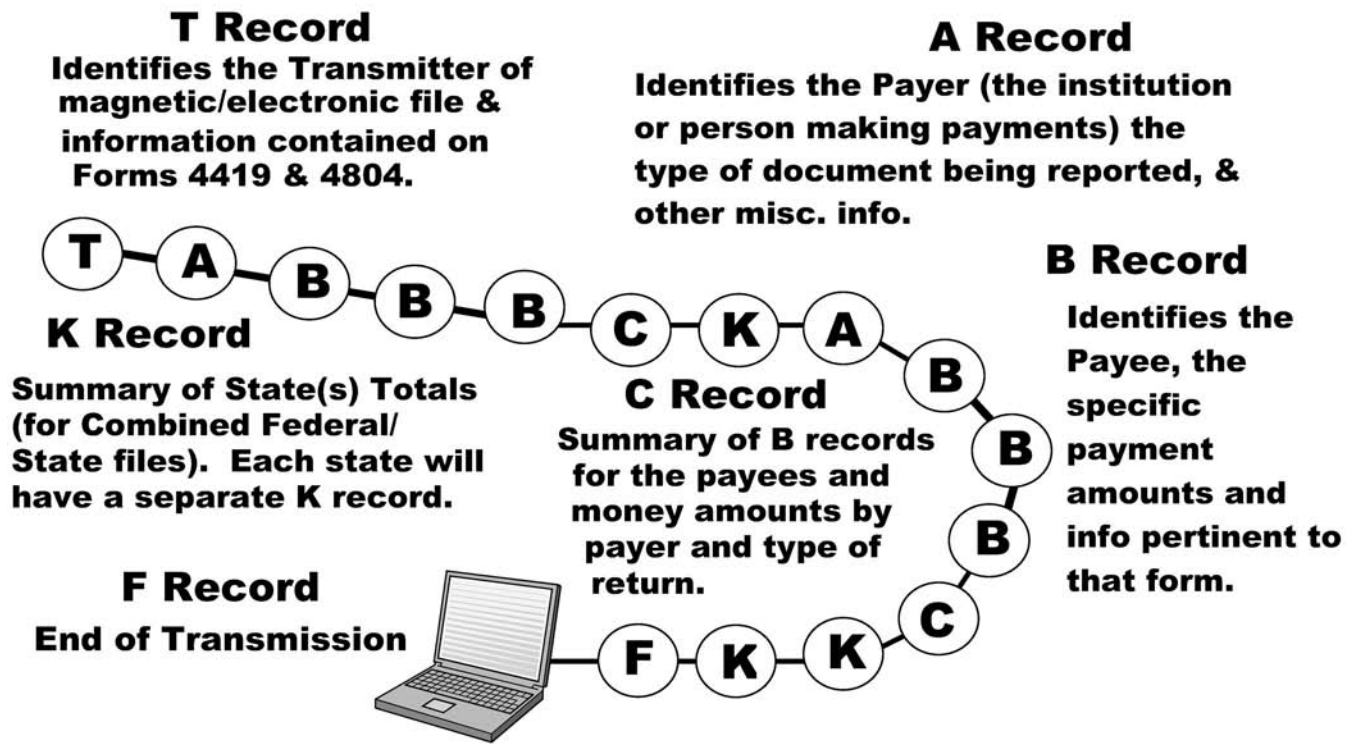
End of Transmission "F" Record — Record Layout

Record Type	Number of "A" Records	Zero	Blank	Total Number of Payees	Blank	Record Sequence Number	Blank	Blank or CR/LF
1	2-9	10-30	31-49	50-57	58-499	500-507	508-748	749-750

Sec. 10. File Layout Diagram

File Format

Each record must be 750 positions.



Part E. Extensions of Time and Waivers

Sec. 1. General — Extensions

.01 An extension of time to file may be requested for Forms 1098, 1099, 5498, 5498-SA, 5498-ESA, W-2G, W-2 series, 8027 and 1042-S.

.02 Form 8809, Application for Extension of Time To File Information Returns, should be submitted to IRS/ECC-MTB at the address listed in .08 of this section. This form may be used to request an extension of time to file information returns submitted on paper, electronically or magnetically to the IRS. Use a separate Form 8809 for each method of filing information returns you intend to use, i.e., electronically and/or magnetically.

.03 To be considered, an extension request must be postmarked or transmitted by the due date of the returns; otherwise, the request will be denied. (See Part A, Sec. 9, for due dates.) If requesting an extension of time to file several types of forms, use one Form 8809; however, Form 8809 or file 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 on or before February 28, 2006.

.04 As soon as it is apparent that a 30-day extension of time to file is needed, an extension request should be submitted. It will take a minimum of 30 days for IRS/ECC-MTB to respond to an extension request. Generally, IRS/ECC-MTB does not begin processing extension requests until January. Extension requests received prior to January are input on a first come, first serve basis.

.05 Under certain circumstances, a request for an extension of time may be denied. When a denial letter is received, any additional or necessary information may be resubmitted within 20 days.

.06 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 to use the most recently updated version and include all the pertinent information.

.07 Requests for an extension of time to file for more than 50 payers are **required** to be submitted electronically or magnetically. IRS encourages requests for 10 to 50 payers to be filed electronically or magnetically. (See Sec. 3, for the record layout.) The request may be filed electronically, on tape cartridges, or 3 1/2-inch diskettes.

.08 All requests for an extension of time filed on Form 8809 or magnetic media should be sent using the following address:

Internal Revenue Service
Enterprise Computing Center — Martinsburg
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/ECC-MTB and the time factor involved in processing Extension of Time (EOT) requests, it is imperative that the attention line be present on all envelopes or packages containing Form 8809.

.09 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 IRS/ECC-MTB 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. 9, 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/ECC-MTB will be used as the filing date.

.10 Transmitters requesting an extension of time for multiple payers will receive one approval letter, accompanied by a list of payers covered under that approval.

.11 If an additional extension of time is needed, a second Form 8809 or file 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 ECC-MTB’s response to your second extension request.**

.12 If an extension request is approved, the approval letter should be kept on file. **DO NOT** send the approval letter or copy of the approval letter to IRS/ECC-MTB with the magnetic media file or to the service center where the paper returns are filed.

.13 Request an extension for only one tax year.

.14 A signature is not required when requesting a 30 day extension. If a second 30 day extension is requested, the Form 8809 **MUST** be signed.

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

.16 Form 8809 may be obtained by calling **1-800-TAX-FORM (1-800-829-3676)**. The form is also available on the **IRS website at www.irs.gov**. A copy of Form 8809 is also provided in the back of Publication 1220.

Sec. 2. Specifications for Electronic Filing or Magnetic Media Extensions of Time

.01 The specifications in Sec. 3 include the required 200-byte record layout for extensions of time to file requests submitted electronically or magnetically. 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 If a filer does not have an IRS/ECC-MTB assigned Transmitter Control Code (TCC), Form 4419, Application for Filing Information Returns Electronically/Magnetically, **must** be submitted to obtain a TCC. This number **must** be used to submit an extension request electronically/magnetically. (See Part A, Sec. 6.)

.03 For extension requests filed on magnetic media, the transmitter must mail the completed Form 8809, Application 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 Form 8809 the same day the transmission is made. *Due to security concerns, extension requests may **not** be emailed with the Form 8809 as an attachment.*

.04 **Transmitters submitting an extension of time electronically or magnetically should not submit a list of payer names and TINs with Form 8809 since this information is included on the electronic or magnetic file. However, Line 6 of Form 8809 must be completed with the total number of records included on the electronic file or magnetic media.**

.05 Do not submit tax year 2005 extension requests filed on magnetic media before *January 1, 2006*, or electronically before *January 5, 2006*.

.06 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

.07 Electronic Filing, Tape Cartridge, and 3 1/2-inch Diskette specifications for extensions are the same as the specifications for filing of information returns. (See Part B or C for specific technical information.)

Sec. 3. Record Layout — Extension of Time

.01 Positions 6 through 188 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	Required. Enter the five-digit Transmitter Control Code (TCC) issued by IRS. Only one TCC per file is acceptable.
6–14	Payer TIN	9	Required. Must be the valid nine-digit EIN/SSN assigned to the payer. Do not enter blanks, hyphens or alpha characters. 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, must be set to “X.”
15–54	Payer Name	40	Required. Enter the name of the payer whose TIN appears in positions 6–14. Left-justify information and fill unused positions with blanks.
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, enter blanks.
95–134	Payer Address	40	Required. Enter the payer’s address. Street address should include number, street, apartment or suite number (or PO Box if mail is not delivered to a street address).
135–174	Payer City	40	Required. Enter payer city, town, or post office.
175–176	Payer State	2	Required. Enter the payer valid U.S. Postal Service state abbreviation. (Refer to Part A, Sec. 15.)
177–185	Payer ZIP Code	9	Required. 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	Required. Enter the appropriate document code that indicates the form for which you are requesting an extension of time.

<u>Code</u>	<u>Document</u>
1	W–2
2	1098, 1098–C, 1098–E, 1098–T, 1099–A, 1099–B, 1099–C, 1099–CAP, 1099–DIV, 1099–G, 1099–H, 1099–INT, 1099–LTC, 1099–MISC, 1099–OID, 1099–PATR, 1099–Q, 1099–R, 1099–S, 1099–SA, or W–2G
3	5498
4	1042–S
5	REMIC Documents (1099–INT or 1099–OID)
6	5498–SA
7	5498–ESA

Note: Do not enter any other values in this field. Submit a separate record for each document. For example, if you are requesting an extension for Form 1099–INT and Form 5498 for the same payee, 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.

Record Layout for Extension of Time (Continued)

Field Position	Field Title	Length	Description and Remarks
187	Foreign Entity Indicator	1	Enter "X" if the payer is a foreign entity.
188	Recipient Request Indicator	1	Enter "X" if the extension request is to furnish statements to the recipients of the information return.
Note: A separate file is required for this type of extension request. A file must either contain all blanks or all X's in this field.			
189-198	Blank	10	Enter blanks.
199-200	Blank	2	Enter blanks or 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	Recipient Request Indicator	Blank	Blank or CR/LF
177-185	186	187	188	189-198	199-200

Sec. 4. Extension of Time for Recipient Copies of Information Returns

.01 Request an **extension of time to furnish the statements to recipients** of Forms 1098, 1099 series, 5498 series, W-2G, W-2 series, and 1042-S by submitting a letter to IRS/ECC-MTB at the address listed in Part E, Sec. 1.08. 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 duly authorized person

.02 Requests for an extension of time to furnish statements to recipients of Forms 1098, 1099 series, 5498 series, 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. The request must be postmarked by the date on which the statements are due to the recipients.

.03 Generally, only the payer may sign the letter requesting the extension for recipient copies. A transmitter must have a contractual agreement with the filers to submit extension requests on their behalf. This should be stated in your letter of request for recipient copy extensions. If you are requesting an extension for multiple payers electronically or magnetically, you must use the format specifications in Sec. 4 (See Sec. 1 .07).

.04 Requests for a **recipient extension of time to file for more than 50 payers are required to be submitted electronically or magnetically**. IRS encourages requests for 10 to 50 payers to be filed electronically or magnetically. (See Sec. 3, for the record layout.) The request may be filed electronically, on tape cartridges, or 3 1/2-inch diskettes.

Sec. 5. Form 8508, Request for Waiver From Filing Information Returns Magnetically

.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 *2005 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 an undue hardship, they may request a waiver from these filing requirements by submitting Form 8508, Request for Waiver From Filing Information Returns Magnetically, to IRS/ECC-MTB. Form 8508 can be obtained on the IRS website at www.irs.gov or by calling toll-free 1-800-829-3676.

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

.04 Generally, only the payer may sign 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 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 Form 8508 must be provided to IRS for the request to be processed.

.07 The waiver, if approved, will provide exemption from the magnetic media filing requirement 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/ECC-MTB at least 45 days before the due date of the returns. Generally, IRS/ECC-MTB does not process waiver requests until January. Waiver requests received prior to January are processed on a first come, first serve basis.

.10 All requests for a waiver should be sent using the following address:

IRS-Enterprise Computing Center — Martinsburg
Information Reporting Program
240 Murall Drive
Kearneysville, WV 25430

.11 File Form 8508 for the W-2 series of forms with IRS/ECC-MTB, not SSA.

.12 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/ECC-MTB to respond to a waiver request.

.13 If a waiver request is approved, keep the approval letter on file. **DO NOT** send a copy of the approved waiver to the service center where the paper returns are filed.

.14 An approved waiver only applies to the requirement for filing information returns electronically/magnetically. The payer must still timely file information returns on the official IRS paper forms or an acceptable substitute form with the appropriate service center.

Part IV. Items of General Interest

Announcement of Disciplinary Actions Involving Attorneys, Certified Public Accountants, Enrolled Agents, and Enrolled Actuaries — Suspensions, Censures, Disbarments, and Resignations

Announcement 2005-48

Under Title 31, Code of Federal Regulations, Part 10, attorneys, certified public accountants, enrolled agents, and enrolled actuaries may not accept assistance from, or assist, any person who is under disbarment or suspension from practice before the Internal Revenue Service if the assistance relates to a matter constituting practice before the Internal Revenue Service and may not knowingly aid or abet another

person to practice before the Internal Revenue Service during a period of suspension, disbarment, or ineligibility of such other person.

To enable attorneys, certified public accountants, enrolled agents, and enrolled actuaries to identify persons to whom these restrictions apply, the Director, Office of Professional Responsibility, will announce in the Internal Revenue Bulletin

their names, their city and state, their professional designation, the effective date of disciplinary action, and the period of suspension. This announcement will appear in the weekly Bulletin at the earliest practicable date after such action and will continue to appear in the weekly Bulletins for five successive weeks.

Consent Suspensions From Practice Before the Internal Revenue Service

Under Title 31, Code of Federal Regulations, Part 10, an attorney, certified public accountant, enrolled agent, or enrolled actuary, in order to avoid institution or conclusion of a proceeding for his or her disbarment or suspension from practice before the Internal Revenue Service, may offer his or her consent to suspension from

such practice. The Director, Office of Professional Responsibility, in his discretion, may suspend an attorney, certified public accountant, enrolled agent or enrolled actuary in accordance with the consent offered.

The following individuals have been placed under consent suspension from

practice before the Internal Revenue Service:

Name	Address	Designation	Date of Suspension
Harrison, John S.	Oakland, CA	Attorney	Indefinite from January 25, 2005
Newkirk, Stephon	Winterville, NC	CPA	Indefinite from February 8, 2005
Goldman, Mark L.	East Meadow, NY	Attorney	Indefinite from February 18, 2005
Johnston, H. James	Knoxville, TN	CPA	Indefinite from March 16, 2005
Gapp, Edward J.	Greenwich, CT	CPA	Indefinite from March 28, 2005

Name	Address	Designation	Date of Suspension
Rowland, Mark C.	Westlake, OH	CPA	Indefinite from April 11, 2005
French Jr., Paul C.	Bangor, MI	CPA	Indefinite from April 25, 2005
Mynsberge, Richard C.	Mishawaka, IN	CPA	Indefinite from May 1, 2005
Specht Jr., Henry F.	N. Myrtle Beach, SC	CPA	Indefinite from May 1, 2005
Sostarich, Mark E.	S. Milwaukee, WI	Attorney	Indefinite from May 1, 2005
Gasa, William M.	Winfield, IL	Enrolled Agent	Indefinite from June 1, 2005
Leisure, Sally R.	Portland, OR	Attorney	Indefinite from June 9, 2005
Tuerk Jr., Carl E.	Annapolis, MD	Attorney	Indefinite from July 1, 2005

Expedited Suspensions From Practice Before the Internal Revenue Service

Under Title 31, Code of Federal Regulations, Part 10, the Director, Office of Professional Responsibility, is authorized to immediately suspend from practice before the Internal Revenue Service any practitioner who, within five years from the date

the expedited proceeding is instituted (1) has had a license to practice as an attorney, certified public accountant, or actuary suspended or revoked for cause or (2) has been convicted of certain crimes.

The following individuals have been placed under suspension from practice before the Internal Revenue Service by virtue of the expedited proceeding provisions:

Name	Address	Designation	Date of Suspension
Hawkins, Nicholas G.	Harrods Creek, KY	Attorney	Indefinite from February 11, 2005
Richey, Michael L.	Girardeau, MO	Attorney	Indefinite from February 11, 2005
Brown, Calvin D.	Dallas, TX	CPA	Indefinite from February 16, 2005

Name	Address	Designation	Date of Suspension
Bell, James M.	Bandera, TX	CPA	Indefinite from February 23, 2005
Fedynshyn, Michael P.	Broomfield, CO	Attorney	Indefinite from February 23, 2005
Harris, Ross	Pikeville, KY	Attorney	Indefinite from February 23, 2005
Tehin Jr., Nikolai	San Francisco, CA	Attorney	Indefinite from March 7, 2005
Ballance, Frank W.	Warrenton, NC	Attorney	Indefinite from March 7, 2005
Jacob, Arthur F.	Sykesville, MD	Attorney	Indefinite from March 8, 2005
Hefley, Lee D.	Burleson, TX	CPA	Indefinite from March 8, 2005
Beswick, Robert H.	Encino, CA	Attorney	Indefinite from March 8, 2005
Scarpello, Joseph R.	Tustin, CA	CPA	Indefinite from March 8, 2005
Machado, Lazaro J.	Santa Ana, CA	Attorney	Indefinite from March 8, 2005
McKnew, Donna K.	Ashland, KY	Attorney	Indefinite from March 8, 2005
Yarno Jr., William	Lafayette, LA	Attorney	Indefinite from March 8, 2005
Walker, Frank O.	Bay City, TX	CPA	Indefinite from March 8, 2005
Kafkas, Demetrios G.	Tewksbury, MA	Attorney	Indefinite from March 8, 2005
Scott, Bertram A.	Brooklyn, NY	Attorney	Indefinite from March 8, 2005

Name	Address	Designation	Date of Suspension
Templeton, Robert L.	Ashland, KY	Attorney	Indefinite from March 8, 2005
Christopher, Nathan H.	Salisbury, MD	Attorney	Indefinite from March 8, 2005
Willingham, Nathaniel J.	Jacksonville, NC	Attorney	Indefinite from March 8, 2005
Anderson, Brett I.	Des Moines, IA	Attorney	Indefinite from March 8, 2005
Broderick, Thomas F.	Somerville, MA	Attorney	Indefinite from March 14, 2005
Peoples, Brendan K.	Ft. Worth, TX	CPA	Indefinite from March 15, 2005
Tidmore, J. Todd	Addison, TX	CPA	Indefinite from March 15, 2005
Cox, Patricia A.	Victoria, TX	CPA	Indefinite from March 15, 2005
Rogers, Fred	Mansfield, LA	CPA	Indefinite from March 15, 2005
Bridgeforth, Wyvonnia	Oak Park, IL	Attorney	Indefinite from March 15, 2005
Bruce, Donna M.	Athens, AL	CPA	Indefinite from March 18, 2005
Teske, David S.	Seattle, WA	Attorney	Indefinite from March 18, 2005
Cobb Jr., Wayne H.	Kaufman, TX	Attorney	Indefinite from March 18, 2005
Swindell IV, Lewis H.	Avondale, AZ	Attorney	Indefinite from March 18, 2005
Murr, Mark D.	Houston, TX	Attorney	Indefinite from March 18, 2005
Nip, Raymond A.C.	Honolulu, HI	CPA	Indefinite from March 18, 2005

Name	Address	Designation	Date of Suspension
Asbury, Lloyd T.	Jacksonville, FL	Attorney	Indefinite from March 18, 2005
Lowell, Melinda E.	New York, NY	Attorney	Indefinite from March 18, 2005
Rub, Lawrence P.	Glenwood, MD	CPA	Indefinite from March, 18, 2005
Fagan, Charles G.	Severna Park, MD	CPA	Indefinite from March 21, 2005
Lewis, Larry L.	Woodbridge, VA	Attorney	Indefinite from March 28, 2005
Mpi, Afoma M.	Peoria, IL	Attorney	Indefinite from March 30, 2005
Gross, Hyath B.	Schenectady, NY	Attorney	Indefinite from April 1, 2005
Zick, Terry T.	Wrightville Beach, NC	Attorney	Indefinite from April 1, 2005
Atlas, Joan M.	Philadelphia, PA	Attorney	Indefinite from April 4, 2005
Rider, Lawrence C.	Boulder, CO	Attorney	Indefinite from April 5, 2005
Eller, Scott D.	Frisco, TX	CPA	Indefinite from April 6, 2005
Brenton, Robert O.	Overland Park, KS	CPA	Indefinite from April 6, 2005
Folks, Lloyd C.	Kinston, NC	CPA	Indefinite from April 6, 2005
Suckling, John R.	San Marcos, CA	CPA	Indefinite from April 6, 2005
Pulito, James P.	Phoenix, AZ	CPA	Indefinite from April 6, 2005
Garcia, Felix D.	Auroa, CO	Attorney	Indefinite from April 6, 2005

Name	Address	Designation	Date of Suspension
Wentzel, Gerald L.	Bloomington, IL	CPA	Indefinite from April 14, 2005
Williams, David W.	Simpsonville, KY	Attorney	Indefinite from April 19, 2005
Sykes III, Bernard G.	Riviera Beach, FL	Attorney	Indefinite from April 19, 2005
Hambrick Jr., J. C.	Branson, MO	Attorney	Indefinite from April 19, 2005
Adams, David M.	Charleston, SC	Attorney	Indefinite from April 19, 2005
Richardson, Jon M.	Danville, IL	Attorney	Indefinite from April 19, 2005
Rose, Shaun H.	Baltimore, MD	Attorney	Indefinite from April 19, 2005
Tanner, Fred L.	Bowling Green, KY	Attorney	Indefinite from April 19, 2005
Perry, David W.	Reading, MA	Attorney	Indefinite from April 19, 2005
Fleming, Bruce D.	Council Bluffs, IA	Attorney	Indefinite from April 19, 2005
Healy, Paul J.	Pembroke, MA	Attorney	Indefinite from April 19, 2005
Kaczynski, Ronald C.	Andover, MA	Attorney	Indefinite from April 19, 2005
Whalley, Lester F.	Yorba Linda, CA	Attorney	Indefinite from April 27, 2005
Tanner, Max	Las Vegas, NV	Attorney	Indefinite from May 3, 2005
Blackwell, Johnny L.	Fayetteville, NC	CPA	Indefinite from May 3, 2005
Szer, Steven	Fort Mill, SC	CPA	Indefinite from May 3, 2005

Name	Address	Designation	Date of Suspension
Chinn, David P.	Louisville, KY	Attorney	Indefinite from May 9, 2005
Bille, Anthony J.	Hopkinton, MA	Attorney	Indefinite from May 16, 2005
Dotson, Lewis S.	Mattoon, IL	Attorney	Indefinite from May 16, 2005
Palmer, Philip B.	Chubbuck, ID	Attorney	Indefinite from May 16, 2005
Wolterbeek, Mark E.	Rindge, NH	Attorney	Indefinite from May 31, 2005
James III., Charles M.	Cheverly, MD	Attorney	Indefinite from May 31, 2005
Jorgensen, Allen C.	Redlands, CA	Attorney	Indefinite from June 2, 2005
Brisbon, Brenda C.	Baltimore, MD	Attorney	Indefinite from June 7, 2005
Gilroy, John M.	Waterloo, NE	Attorney	Indefinite from June 7, 2005
Relphorde, Colin B.	Homewood, IL	Attorney	Indefinite from June 7, 2005
Pomeroy, John S.	Dedham, MA	Attorney	Indefinite from June 7, 2005
Gonick, Richard S.	Ipswich, MA	Attorney	Indefinite from June 7, 2005
Curran, Martin J.	Manchester, NH	Attorney	Indefinite from June 7, 2005
Koenigsdorf, Keith B.	Overland Park, KS	Attorney	Indefinite from June 7, 2005
Jambor, Daniel F.	St. Paul, MN	Attorney	Indefinite from June 7, 2005
LaFont Jr., Henry J.	Lockport, LA	Attorney	Indefinite from June 7, 2005

Name	Address	Designation	Date of Suspension
Janosik, Dennis M.	Parma, OH	CPA	Indefinite from June 9, 2005
Carter, Evalyn R.	Calera, OK	CPA	Indefinite from June 9, 2005
Chasnoff, Joel	Gaithersburg, MD	Attorney	Indefinite from June 9, 2005
O'Keefe, Michael E.	Oak Park, CA	Attorney	Indefinite from June 9, 2005
Wilkes, Richard C.	Bowbells, ND	Attorney	Indefinite from June 9, 2005
Rogers, Reginald J.	Bowie, MD	Attorney	Indefinite from June 9, 2005
Hindley, Charles T.	Colton, CA	Attorney	Indefinite from June 9, 2005
Morgan, Wendy B.	Scotts Valley, CA	Attorney	Indefinite from June 9, 2005

Suspensions From Practice Before the Internal Revenue Service After Notice and an Opportunity for a Proceeding

Under Title 31, Code of Federal Regulations, Part 10, after notice and an opportunity for a proceeding before an administrative law judge, the following individuals have been placed under suspension from practice before the Internal Revenue Service:

Name	Address	Designation	Effective Date
Cahill, Gary	Shelton, CT	Attorney	January 27, 2005 to January 26, 2008
Banks, Jean R.	Van Nuys, CA	Enrolled Agent	March 8, 2005 to December 7, 2006

Censure Issued by Consent

Under Title 31, Code of Federal Regulations, Part 10, in lieu of a proceeding being instituted or continued, an attorney, certified public accountant, enrolled agent,

or enrolled actuary, may offer his or her consent to the issuance of a censure. Censure is a public reprimand.

The following individuals have consented to the issuance of a Censure:

Name	Address	Designation	Date of Censure
Borden Kathleen	Bluffton, SC	Attorney	May 11, 2005
Williamson, Debra	Long Beach, CA	CPA	June 3, 2005

Assumption of Partner Liabilities; Correction

Announcement 2005-52

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendment.

SUMMARY: This document corrects final regulations (T.D. 9207, 2005-26 I.R.B. 1344) that were published in the **Federal Register** on Thursday, May 26, 2005 (70 FR 30334). The final regulation relates to the definition of liabilities under section 752 of the Internal Revenue Code.

DATES: This correction is effective on May 26, 2005.

FOR FURTHER INFORMATION CONTACT: Laura Fields (202) 622-3050 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations (T.D. 9207) that are the subject of this correction are under sections 358, 704, 705, 737 and 752 of the Internal Revenue Code.

Need for Correction

As published, T.D. 9207 contains an error that may prove to be misleading and is in need of clarification.

* * * * *

Correction of Publication

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

PART 1 — INCOME TAXES

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

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

In §1.752-7(g)(5), paragraph (iii) of the *Example*, the table is revised as follows:

§1.752-7 Partnership assumption of partner's §1.752-7 liability on or after June 24, 2003.

* * * * *

(g) * * *

(5) *Examples* (i) * * *

(iii) * * *

B's Basis in Property 1 after Satisfaction of Liability (in millions)

1. Basis in Property 1 after distribution		\$3
2. Plus lesser of remaining built-in loss or amount paid to satisfy liability	(\$2) (\$1)	<u>1</u>
3. Basis in Property 1 after satisfaction of liability		\$4

* * * * *

Cynthia Grigsby,
*Acting Chief, Publications
and Regulations Branch,
Legal Processing Division,
Associate Chief Counsel
(Procedure and Administration).*

(Filed by the Office of the Federal Register on July 8, 2005, 8:45 a.m., and published in the issue of the Federal Register for July 11, 2005, 70 F.R. 39653)

Qualified Amended Returns; Correction

Announcement 2005-53

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendment.

SUMMARY: This document contains corrections to temporary regulations (T.D. 9186, 2005-13 I.R.B. 790) which were published in the **Federal Register** on Wednesday, March 2, 2005 (70 FR 10037). The temporary regulations modify the rules relating to qualified amended returns by providing additional circumstances that end the period within which a taxpayer may file an amended return that constitutes a qualified amended return.

DATES: This correction is effective March 2, 2005.

FOR FURTHER INFORMATION CONTACT: Nancy M. Galib at (202) 622-4940 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The temporary regulations (T.D. 9186) that are the subject of these corrections are under section 6227 of the Internal Revenue Code.

Need for Correction

As published, T.D. 9186 contains errors that may prove to be misleading and are in need of clarification.

* * * * *

Correction of Publication

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

PART 1 — INCOME TAXES

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

Authority: 26 USC 7805 * * *

§1.6664-2T [Corrected]

1. Section 1.6664-2T(c)(3)(i)(B) is amended by removing “of an activity” and adding “for an activity” in its place.

2. Section 1.6664-2T(c)(3)(ii)(A) is amended by removing “§1.6664-2(c)(3)(i)” and adding “§1.6664-2T(c)(3)(i)” in its place.

3. Section 1.6664-2T(c)(3)(ii)(C) is amended by removing “who is a material advisor (within the meaning of section 6111)” and adding “from any person

who gave the taxpayer material aid, assistance, or advice as described in section 6111(b)(1)(A)(i)” in its place.

4. Section §1.6664-2T(c)(5) *Example 3.*, is redesignated as §1.6664-2T(c)(5) *Example 3 (i)*.

5. Newly designated §1.6664-2T(c)(5) *Example 3.* (i) is amended by removing “2003” and adding “2004” each place it appears.

6. The undesignated text in §1.6664-2T(c)(5) *Example 3.* is designated as §1.6664-2T(c)(5) *Example 3.* (ii).

7. Section 1.6664-2T(c)(5) *Example 4.*, the first sentence is amended by removing “2003” and adding “2004” in its place.

8. Section 1.6664-2T(c)(5) *Example 7.*, is redesignated as §1.6664-2T(c)(5) *Example 7.* (i).

9. The undesignated text in §1.6664-2T(c)(5) *Example 7.* is designated as §1.6664-2T(c)(5) *Example 7.* (ii).

Cynthia E. Grigsby,
*Acting Chief, Publications
and Regulations Branch,
Legal Processing Division,
Associate Chief Counsel
(Procedure and Administration).*

(Filed by the Office of the Federal Register on June 22, 2005, 8:45 a.m., and published in the issue of the Federal Register for June 23, 2005, 70 F.R. 36344)

Definition of Terms

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

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

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

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

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

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

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

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

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

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

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

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

Abbreviations

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

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

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

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

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¹ A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2005–1 through 2005–26 is in Internal Revenue Bulletin 2005–26, dated June 27, 2005.

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¹ A cumulative list of current actions on previously published items in Internal Revenue Bulletins 2005–1 through 2005–26 is in Internal Revenue Bulletin 2005–26, dated June 27, 2005.