

## **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**

#### **REG-100798-06, page 1135.**

Proposed regulations under section 704(c) of the Code provide that the section 704(c) anti-abuse rule takes into account the tax liabilities of both the partners in a partnership and certain direct and indirect owners of such partners. The regulations further provide that a section 704(c) allocation method cannot be used to achieve tax results inconsistent with the intent of subchapter K of the Code.

#### **Rev. Proc. 2008-28, page 1054.**

This procedure describes the conditions under which changes to certain residential mortgage loans will not cause the Service to challenge the tax status of certain securitization vehicles holding the loans or to assert that those modifications create a liability for tax on a prohibited transaction.

### **ADMINISTRATIVE**

#### **Rev. Proc. 2008-30, page 1056.**

**Electronic filing; 2008 form specifications.** This procedure contains updates and changes to Publication 1220, *Specifications for Filing Forms 1098, 1099, 5498 and W-2G Electronically* (revised 5-2008). Rev. Proc. 2007-51 superseded.

#### **Rev. Proc. 2008-31, page 1133.**

This procedure modifies Rev. Proc. 2006-9, 2006-1 C.B. 278, which informs taxpayers how to secure an advance pricing agreement (APA) from the APA Program within the Office of Associate Chief Counsel (International). The procedure modifies Rev. Proc. 2006-9 to describe further the types of issues that may be resolved in the APA process. Rev. Proc. 2006-9 modified.

#### **Announcement 2008-53, page 1137.**

This document contains corrections to proposed regulations (REG-143397-05, 2007-41 I.R.B. 790) relating to rules on the application of sections 704(c)(1)(B) and 737 of the Code to distributions of property after two partnerships engage in an assets-over merger.

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.

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

## Section 860G.—Other Definitions and Special Rules

This revenue procedure describes the conditions under which changes to certain residential mortgage loans will not cause the Internal Revenue Service to challenge the tax status of certain securitization vehicles holding the loans or to assert that those modifications create a liability for tax on a prohibited transaction. See Rev. Proc. 2008-28, page 1054.

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## Section 1001.—Determination of Amount of and Recognition of Gain or Loss

*26 CFR 1.1001-3: Modifications of debt instruments.*

This revenue procedure describes the conditions under which changes to certain residential mortgage loans will not cause the Internal Revenue Service to challenge the tax status of certain securitization vehicles holding the loans or to assert that those modifications create a liability for tax on a prohibited transaction. See Rev. Proc. 2008-28, page 1054.

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## Section 7701.—Definitions

*26 CFR 301.7701-4: Trusts.*

This revenue procedure describes the conditions under which changes to certain residential mortgage loans will not cause the Internal Revenue Service to challenge the tax status of certain securitization vehicles holding the loans or to assert that those modifications create a liability for tax on a prohibited transaction. See Rev. Proc. 2008-28, page 1054.

# Part III. Administrative, Procedural, and Miscellaneous

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

(Also Part I, §§ 860D, 860F, 860G, 1001; 1.860G-2, 1.1001-3, 301.7701-2, 301.7701-3, 301.7701-4.)

## Rev. Proc. 2008-28

### SECTION 1. PURPOSE

This revenue procedure describes conditions under which modifications of certain mortgage loans will not cause the Internal Revenue Service (the Service) either to challenge the tax status of certain securitization vehicles that hold the loans or to assert that those modifications create a liability for tax on a prohibited transaction.

No inference should be drawn about whether similar consequences obtain if a loan modification falls outside the scope of this revenue procedure. Furthermore, there should be no inference that, in the absence of this revenue procedure, transactions within its scope would have impaired the tax status of securitization vehicles or would have created liability for tax on a prohibited transaction.

### SECTION 2.

#### BACKGROUND—FORECLOSURE PREVENTION PROGRAMS

.01 Many servicers of mortgage loans have developed, and are implementing, foreclosure prevention programs. These programs are particularly useful in the current economic environment where there are an increasingly large number of borrowers who are not able to afford their current mortgage payments and are at risk of losing their homes. These servicers apply the programs both to loans that investors hold directly and to those that are held through securitization vehicles such as investment trusts and real estate mortgage investment conduits (REMICs). Typically, these sophisticated programs establish guidelines to streamline modifications of troubled mortgage loans. The guidelines take into account a broad range of information in an effort to identify borrowers whose loans are likely to go into foreclosure if the terms of the loans remain unmodified but who may be able to make timely payments on a modified loan with

more favorable terms. The programs also indicate the type and extent of a modification that may allow the borrower to make timely payments under the modified terms and so avoid foreclosure. The modifications that are effected under these programs may include interest rate reductions, principal forgiveness, extensions of maturity, and alterations in the timing of changes in an interest rate.

.02 The terms of many residential mortgage loans provide that, if a borrower fails to make a scheduled payment on the date the payment is due, the borrower is in “default” on the mortgage but that transient lateness may not have any adverse consequences for the borrower. Most such loans provide for a “grace period” (typically, 15 days) during which an underpayment can be cured without the borrower being liable for a late fee.

.03 Servicers have concluded that foreclosure prevention programs such as those described in Section 2.01 of this revenue procedure can assess with a high degree of accuracy whether a borrower presents an unacceptably high risk of eventual foreclosure, even when some desired information is unavailable for a particular borrower and the borrower has not yet missed any payments due under the loan.

### SECTION 3.

#### BACKGROUND—REMICs

.01 REMICs are widely used securitization vehicles for mortgages and are governed by sections 860A through 860G of the Internal Revenue Code.

.02 Section 860D(a)(4) of the Code provides that an entity qualifies as a REMIC only if, among other things, as of the close of the third month beginning after the startup day and at all times thereafter, substantially all of its assets consist of qualified mortgages and permitted investments. This asset test is satisfied if the entity owns no more than a *de minimis* amount of other assets. See § 1.860D-1(b)(3)(i) of the Income Tax Regulations. As a safe harbor, the amount of assets other than qualified mortgages and permitted investments is *de minimis* if the aggregate of the adjusted bases of those assets is less than one percent of the aggregate of the

adjusted bases of all of the entity’s assets. § 1.860D-1(b)(3)(ii).

.03 With limited exceptions, a mortgage loan is not a qualified mortgage unless it is transferred to the REMIC on the startup day in exchange for regular or residual interests in the REMIC. See section 860G(a)(3)(A)(i).

.04 The legislative history of the REMIC provisions indicates that Congress intended the provisions to apply only to an entity that holds a substantially fixed pool of real estate mortgages and related assets and that “has no powers to vary the composition of its mortgage assets.” S. Rep. No. 99-313, 99<sup>th</sup> Cong., 2<sup>d</sup> Sess. 791-92; 1986-3 (Vol. 3) C.B. 791-92.

.05 Section 1.1001-3(c)(1)(i) defines a “modification” of a debt instrument as any alteration, including any deletion or addition, in whole or in part, of a legal right or obligation of the issuer or holder of a debt instrument, whether the alteration is evidenced by an express agreement (oral or written), conduct of the parties, or otherwise. Section 1.1001-3(e) governs which modifications of debt instruments are “significant.” Under § 1.1001-3(b), for most federal income tax purposes, a significant modification produces a deemed exchange of the original debt instrument for a new debt instrument.

.06 Under § 1.860G-2(b), related rules apply to determine REMIC qualification. Except as specifically provided in § 1.860G-2(b)(3), if there is a significant modification of an obligation that is held by a REMIC, then the modified obligation is treated as one that was newly issued in exchange for the unmodified obligation that it replaced. See § 1.860G-2(b)(1). For this purpose, the rules in § 1.1001-3(e) determine whether a modification is “significant.” See § 1.860G-2(b)(2). Thus, even if an entity initially qualifies as a REMIC, one or more significant modifications of the loans held by the entity may terminate the qualification if the modifications cause less than substantially all of the entity’s assets to be qualified mortgages.

.07 Certain loan modifications, however, are not significant for purposes of § 1.860G-2(b)(1), even if the modifications are significant under the rules in § 1.1001-3 and thus cause section 1001 to apply. In particular, under

§ 1.860G-2(b)(3)(i), if a change in the terms of an obligation is “occasioned by default or a reasonably foreseeable default,” the change is not a significant modification for purposes of § 1.860G-2(b)(1), regardless of the modification’s status under § 1.1001-3.

.08 Section 860F(a)(1) imposes a tax on a REMIC equal to 100 percent of the net income derived from “prohibited transactions.” The disposition of a qualified mortgage is a prohibited transaction unless the disposition is pursuant to (i) the substitution of a qualified replacement mortgage for a qualified mortgage; (ii) a disposition incident to the foreclosure, default, or imminent default of the mortgage; (iii) the bankruptcy or insolvency of the REMIC; or (iv) a qualified liquidation. Section 860F(a)(2)(A).

#### SECTION 4. BACKGROUND—TRUSTS

.01 Section 301.7701-2(a) of the Procedure and Administration Regulations defines a “business entity” as any entity recognized for federal tax purposes (including an entity with a single owner that may be disregarded as an entity separate from its owner under § 301.7701-3) that is not properly classified as a trust under § 301.7701-4 or otherwise subject to special treatment under the Code.

.02 Section 301.7701-4(a) provides that an arrangement is treated as a trust if the purpose of the arrangement is to vest in trustees responsibility for the protection and conservation of property for beneficiaries who cannot share in the discharge of this responsibility and, therefore, are not associates in a joint enterprise for the conduct of business for profit.

.03 Section 301.7701-4(c) provides that an “investment” trust is not classified as a trust if there is a power under the trust agreement to vary the investment of the certificate holders.

#### SECTION 5. SCOPE

This revenue procedure applies to a modification of a mortgage loan that is held by a REMIC, or by an investment trust, if all of the following conditions are satisfied:

.01 The real property securing the mortgage loan is a residence that contains fewer than five dwelling units.

.02 The real property securing the mortgage loan is owner-occupied.

.03 (1) If a REMIC holds the mortgage loan, then as of either the startup day or the end of the 3-month period beginning on the startup day, no more than ten percent of the stated principal of the total assets of the REMIC was represented by loans the payments on which were then overdue by 30 days or more; or

(2) If an investment trust holds the mortgage loan, then as of all dates when assets were contributed to the trust, no more than ten percent of the stated principal of all the debt instruments then held by the trust was represented by instruments the payments on which were then overdue by 30 days or more.

.04 The holder or servicer reasonably believes that there is a significant risk of foreclosure of the original loan. This reasonable belief may be based on guidelines developed as part of a foreclosure prevention program similar to that described in Section 2 of this revenue procedure or may be based on any other credible systematic determination.

.05 The terms of the modified loan are less favorable to the holder than were the unmodified terms of the original mortgage loan.

.06 The holder or servicer reasonably believes that the modified loan presents a substantially reduced risk of foreclosure, as compared with the original loan.

#### SECTION 6. APPLICATION

If one or more modifications of mortgage loans are described in Section 5 of this revenue procedure—

.01 The Service will not challenge a securitization vehicle’s qualification as a REMIC on the grounds that the modifications are not among the exceptions listed in § 1.860G-2(b)(3);

.02 The Service will not contend that the modifications are prohibited transactions under section 860F(a)(2) on the grounds that the modifications resulted in one or more dispositions of qualified mortgages and that the dispositions are not among the exceptions listed in section 860F(a)(2)(A)(i)–(iv);

.03 The Service will not challenge a securitization vehicle’s classification as a trust under section 301.7701-4(c) on the grounds that the modifications manifest a power to vary the investment of the certificate holders; and

.04 The Service will not challenge a securitization vehicle’s qualification as a REMIC on the grounds that the modifications resulted in a deemed reissuance of the REMIC regular interests.

#### SECTION 7. EXAMPLE

The following example illustrates the application of this revenue procedure:

.01 *Facts.* As part of its business, *S* services mortgage loans that are held by *R*, a REMIC that is described in Section 5.03(1) of this revenue procedure. *S* has developed a foreclosure prevention program to guide it in determining the risk of a foreclosure eventually becoming necessary on a loan that it is servicing. For each loan that the program identifies as presenting an undesirable risk of foreclosure, the program also attempts to determine whether a modification to the terms of the loan might materially reduce the risk of foreclosure and, if so, what modification strikes the best balance between minimizing the sacrifice of some required cash flows under the loan and maximizing the reduction in foreclosure risk.

The factors that the program generally takes into account include the borrower’s payment history on the loan; the borrower’s payment history (as reported by a credit bureau) on the borrower’s other indebtedness; the borrower’s FICO score; the loan-to-value ratio of the loan when it was originated; changes in property values in the neighborhood where the property securing the loan is located; an estimate of the current loan-to-value ratio; whether the monthly debt service under the loan has recently changed or will soon change; and, where available, any additional data obtained from the borrower (for example, changes in employment and other income sources, family medical status, uninsured losses, adverse court judgments, inheritances, etc.). Because *S*’s program takes into account statistical models that were developed using extensive amounts of data involving diverse information from very many borrowers, *S* has found the program to be generally reliable at assessing with a high degree of accuracy whether a borrower presents an unacceptably high risk of eventual foreclosure, even when some desired information is unavailable for a particular borrower.

Borrower *B* is the issuer of one of the mortgage loans that is held by *R*. The real property securing *B*’s mortgage loan is described in Section 5.01 and 5.02 of this revenue procedure. None of *B*’s payments on the mortgage loan has been late in the few years that the loan has been outstanding. On the other hand, a very large increase in *B*’s monthly debt service is scheduled in the near future; the loan had a high loan-to-value ratio when it was originated; home values in the neighborhood of the collateral have declined significantly; *B*’s FICO score has dropped; and a credit bureau reports that *B* is developing a pattern of increasingly late payment on rising levels of con-

sumer debt. Although *S* tried several times to contact *B*, both by phone and by mail, *B* did not answer any of the phone calls and did not respond to any of the letters or any of the phone messages that were left.

Even without the benefit of individual information that *S* could have obtained from a conversation with *B*, *S*'s model determines that, if the loan to *B* is not modified, there is a significant risk of eventual foreclosure. The model also indicates, however, that reducing both the principal amount of, and the interest rate on, the loan would substantially reduce the risk of foreclosure. The anticipated benefit of reducing the risk of foreclosure outweighs the lower payments that would be required under the modified terms of the loan. Under *S*'s foreclosure prevention program, therefore, the loan is modified by reducing both the principal amount and the interest rate.

.02 *Analysis*. The modified terms of *B*'s loan are less favorable to *R* than were the unmodified terms of the original loan. Moreover, the modification was undertaken because of *S*'s reasonable beliefs that the unmodified loan presented a significant risk of foreclosure and that the modification would substantially reduce that risk. Accordingly, the modification is within the scope of this revenue procedure.

## SECTION 8. EFFECTIVE DATE

This revenue procedure governs determinations made by the Service on or after

May 16, 2008, with respect to loan modifications that are effected on or before December 31, 2010.

## SECTION 9. REQUEST FOR COMMENTS

The Service invites public comment on this revenue procedure. In particular, the Service invites comments on whether this revenue procedure should be extended to loan modifications that are effected after 2010, whether the Service should consider changing other provisions of this revenue procedure, and whether the Service should consider issuing any additional guidance regarding Federal tax issues that are raised by modifications of mortgage loans to reduce the risk of foreclosure. Comments should be submitted no later than July 15, 2008, to the Internal Revenue Service, CC:PA:LPD:RU (Rev. Proc. 2008–28), room 5203, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044. Comments may be hand delivered between the hours of 8 a.m. and 4 p.m. to

CC:PA:LPD:RU (Rev. Proc. 2008–28), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, DC 20224. Alternatively, comments may be submitted via the Internet at *Notice.Comments@irscounsel.treas.gov* (Rev. Proc. 2008–28). All comments will be available for public inspection and copying in their entirety. Therefore, comments received by the IRS and Treasury should not include taxpayer-specific information of a confidential nature. Comments should include the name and telephone number of a person to contact.

## SECTION 10. DRAFTING INFORMATION

The principal author of this revenue procedure is Diana Imholtz of the Office of Associate Chief Counsel (Financial Institutions and Products). For further information, contact Ms. Imholtz at (202) 622–3930 (not a toll-free call).

Use this Revenue Procedure to prepare Tax Year 2008 and prior year information returns for submission to Internal Revenue Service (IRS) using electronic filing.

### 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 2 p.m. EST Dec. 22, 2008, through Jan. 4, 2009 for upgrading. It is not operational during this time for submissions. The FIRE System does not provide fill-in forms for information returns.**

**After December 1, 2008, electronic filing will be the ONLY acceptable method to file information returns to IRS/ECC-MTB.**

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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. This Revenue Procedure must be used for the preparation of Tax Year 2008 information returns and information returns for tax years prior to 2008 *filed beginning January 1, 2009*. 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 Statement, 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** electronic filing of 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; however, if discrepancies occur, the instructions in this Revenue Procedure must be followed.

.06 This Revenue Procedure also provides the requirements and specifications for electronic 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) *2008 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, Electronically.
- (d) Publication 1187, Specifications for Filing Forms 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, Electronically.

.08 This Revenue Procedure supersedes Rev. Proc. 2007-51 published as Publication 1220 (Rev. 6-2007), Specifications for Filing Forms 1098, 1099, 5498, and W-2G Electronically or Magnetically.

## Sec. 2. Nature of Changes—Current Year (Tax Year 2008)

.01 In this publication, all pertinent changes for Tax Year 2008 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.

### a. General

- (1) IRS/ECC-MTB no longer accepts any form of magnetic media. Electronic filing through the FIRE System is the only method to report information returns to IRS/ECC-MTB.
- (2) Form 4804, Transmittal of Information Returns Reported Magnetically, is obsolete. This form was only required for magnetic media reporting which is no longer a valid method of reporting information returns.
- (3) Several sections have been deleted due to the elimination of magnetic media filing and others combined for greater clarity. Please review the entire Publication for all relevant changes.
- (4) A toll-free fax number, 877-477-0572, was added to Part A, Sec. 03.

### b. Programming Changes

- (1) For all Forms, Payment Year, Field Positions 2-5, for the Transmitter "T" Record, Payer "A" Record and Payee "B" Record must be incremented to update the four-digit reporting year (2007 to 2008), unless reporting prior year data.
- (2) In the Transmitter "T" Record, two fields, Cartridge Tape File Indicator, positions 409-410 and Transmitter's Media Number, positions 411-416, were deleted. These positions are now blank.
- (3) In the Payee "B" Record for Form 1099-CAP, Shareholder Indicator, position 627 was deleted.
- (4) For Form 1099-R, the distribution code H was added and new distribution code combinations are allowed. See Form 1099-R Distribution Code Chart 2008 for acceptable combinations.

- (5) The requirement for filing Form 8809, Application for Extension of Time To File Information Returns, electronically was reduced from 50 payers to 10 payers. See Part D.

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

.01 All information returns filed electronically are processed at IRS/ECC-MTB. General inquiries concerning the filing of information returns 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 filed on Form 8809 or request for an extension to provide recipient copies, 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 and web addresses for questions about specifications for electronic submissions are:

**Information Reporting Program Customer Service Section**  
**TOLL-FREE 1-866-455-7438 or outside the U.S. 1-304-263-8700**  
**e-mail at [mccirp@irs.gov](mailto:mccirp@irs.gov)**  
**304-267-3367 — TDD**  
**(Telecommunication Device for the Deaf)**

**Fax Machine**  
**Toll-free within the U.S. — 877-477-0572**  
**Outside the U.S. — 304-264-5602**

**Electronic Filing — FIRE System**  
**<http://fire.irs.gov>**

**TO OBTAIN FORMS:**  
**1-800-TAX-FORM (1-800-829-3676)**  
**[www.irs.gov](http://www.irs.gov) — IRS website access to forms (See Note.)**

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

.04 The 2008 *General Instructions for Forms 1099, 1098, 5498, and W-2G* are 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 filing by calling the IRS toll-free number **1-800-TAX-FORM (1-800-829-3676)** or **ordering online from the IRS website at [www.irs.gov](http://www.irs.gov).**

.06 Questions pertaining to electronic filing of Forms W-2 **must** be directed to the Social Security Administration (SSA). Filers can call 1-800-772-6270 to obtain the telephone 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 *2008 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 questions regarding this form, call 1-800-829-1040.

**.09** Electronic Products and Services Support, Information Reporting Branch, Customer Service Section (IRB/CSS), answers electronic, 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). IRB/CSS also answers questions about the electronic filing of Forms 1042-S and the tax law and paper filing instructions for Forms W-2 and W-3. Inquiries pertaining to Notices CP2100 and 972CG, backup withholding and reasonable cause requirements due to missing and incorrect taxpayer identification numbers (TINS) are also addressed by IRB/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 Standard Time, by calling toll-free **1-866-455-7438**. IRB/CSS also offers an e-mail address for transmitters and electronic filers of information returns. The address is [mccirp@irs.gov](mailto:mccirp@irs.gov). When sending e-mails concerning specific file information, you must include the company name and the electronic filename or Transmitter Control Code. Please do **not** submit TINS or attachments, because electronic mail is not secure and the information may be compromised. 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** IRB/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 and filing requirements.

**.11** Form 4419, Application for Filing Information Returns Electronically, Form 8809, Application for Extension of Time To File Information Returns, and Form 8508, Request for Waiver From Filing Information Returns Electronically, may be faxed to IRS/ECC-MTB toll-free at **877-477-0572**.

## **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. **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.**

**.02** All filing requirements that follow apply individually to each reporting entity as defined by its separate Taxpayer Identification Number (TIN), which may be either a 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** The following requirements apply separately to both originals and corrections filed electronically:

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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  
5498  
5498-ESA  
5498-SA  
W-2G

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**250 or more of any** of these forms require electronic filing with IRS. These are stand-alone documents and may not 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 since they do not meet the threshold of 250. However, Forms 1099-INT must be filed electronically since they meet the threshold of 250.

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

## Sec. 5. Vendor List

.01 IRS/ECC-MTB prepares a list of vendors who support electronic filing. The Vendor List (Pub. 1582) contains the names of service bureaus that will produce or submit files for electronic filing. It also contains the names of vendors who provide software packages for payers who wish to produce electronic files 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 engage a service bureau to prepare files on their behalf, the filers must not also report this data, as it will create a duplicate filing situation which may cause penalty notices to be generated.

.03 The Vendor List, Publication 1582, is updated periodically. The most recent revision is available on the IRS website at [www.irs.gov](http://www.irs.gov). For an additional list of software providers, log on to [www.irs.gov](http://www.irs.gov) and go to the [Approved IRS e-file for Business Providers link](#).

.04 A vendor, who offers a software package, or has the capability to electronically file information returns for customers, and who would like to be included in Publication 1582 must submit a letter or e-mail 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) E-mail address
- (e) Contact person
- (f) Website
- (g) Type(s) of service provided (e.g., service bureau and/or software)
- (h) Method of filing (only electronic filing is acceptable)
- (i) Type(s) of return(s)

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

.01 Transmitters are required to submit Form 4419, Application for Filing Information Returns Electronically, 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. 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) will be filed, the transmitter should not 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** 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](http://www.irs.gov).

**.03** Upon approval, a five-character alpha/numeric Transmitter Control Code (TCC) will be assigned and included in an approval letter. The TCC **must** be coded in the Transmitter “T” Record. IRS/ECC-MTB uses the TCC to identify payers/transmitters and to track their files through the processing system.

**.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. Transmitters cannot use more than one TCC in a file. Each TCC must be reported in separate transmissions.

**.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 bureau for further information.

**.06** Form 4419 may be submitted anytime during the year; however, it **must** be submitted to IRS/ECC-MTB at least 15 days before the due date of the return(s) for current year processing. This allows IRS/ECC-MTB the time necessary to process and respond to applications. Form 4419 may be faxed to IRS/ECC-MTB toll-free at **877-477-0572**. 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 D, Sec. 5).

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

- (a) The payer has discontinued filing electronically for two consecutive years. The payer’s TCC may have been reassigned by IRS/ECC-MTB. Payers who know that the assigned TCC 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. 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 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](http://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. The e-mail address, [mccirp@irs.gov](mailto:mccirp@irs.gov), may be used for these changes. 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. Retention Requirements and Due Dates**

**.01 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, except:**

- (a) Retain for 4 years 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.

**.02** Filing of information returns is on a calendar year basis, except for Forms 5498 and 5498-ESA, which are used to report amounts contributed during or after the calendar year (but no later than April 15). The following due dates will apply to Tax Year 2008:

## Due Dates

Forms 1098, 1099, and W-2G Recipient Copy — February 2, 2009 IRS Copy — March 31, 2009	Forms 5498*, 5498-SA and 5498-ESA IRS Copy — June 1, 2009 Forms 5498 and 5498-SA Participant Copy — June 1, 2009 Form 5498-ESA Participant Copy — April 30, 2009 * Participants' copies of Forms 5498 to furnish fair market value information — February 2, 2009
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**.03** 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.

## Sec. 8. 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, you may file up to 249 paper corrections even though your originals were filed electronically.
- **DO NOT SEND YOUR ENTIRE FILE AGAIN.** Only correct the information returns which were erroneous.
- Information returns omitted from the original file **must not** be coded as corrections. Submit these returns 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 correction guidelines chart carefully.

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

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

**.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 *2008 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 require correction.**

**.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 should 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 C, Sec. 6, Payer's Account Number For Payee.

**.05** Corrected returns may be included on the same transmission as original returns; however, separate “A” Records are required. 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.

**.08** Prior year data, original and corrected, **must** be filed according to the requirements of this Revenue Procedure. When submitting prior year data, use the record format for the current year. Each tax year must be electronically filed in separate transmissions. However, use the actual year designation of the data in Field Positions 2-5 of the “T”, “A”, and “B” Records. Field position 6, Prior Year Data Indicator, in the Transmitter “T” Record must contain a “P”. 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 (not recipient)** 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 or electronic

**.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 is assigned 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**

**One transaction is required to make the following corrections properly. (See Note 5.)**

Error Made on the Original Return	How To File the Corrected Return
<b><u>ERROR TYPE 1</u></b>	<b><u>CORRECTION</u></b>
<p>1. Original return was filed with one or more of the following errors:</p> <p>(a) Incorrect payment amount codes in the Payer “A” Record</p> <p>(b) Incorrect payment amounts in the Payee “B” Record</p> <p>(c) Incorrect code in the distribution code field in Payee “B” Record</p> <p>(d) Incorrect payee address (See Note 3.)</p> <p>(e) Incorrect payee indicator (See Note 1.)</p> <p>(f) Incorrect payee name (See Notes 2 &amp; 3.)</p> <p>(g) Return should not have been filed</p> <p><b>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.</b></p> <p><b>Note 2: For information on errors to the payer’s name and TIN (See Part A, Sec. 8, .11).</b></p> <p><b>Note 3: To correct a TIN and/or payee name and address follow the instructions under Error Type 2.</b></p>	<p>A. Prepare a new file. The first record on the file will be the Transmitter “T” Record.</p> <p>B. Make a separate “A” Record for each type of return and each payer being reported. Payer information in the “A” Record must be the same as it was in the original submission.</p> <p>C. The Payee “B” Records must show the correct record information as well as a Corrected Return Indicator Code of “G” in Field Position 6.</p> <p>D. Corrected returns using “G” coded “B” Records may be on the same file as those returns submitted without the “G” coded “B” Records; however, <b>separate “A” Records are required.</b></p> <p>E. Prepare a separate “C” Record for each type of return and each payer being reported.</p> <p>F. The last record on the file will be the End of Transmission “F” Record.</p>

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 (Continued)**

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**Two (2) separate transactions are required to make the following corrections properly. Follow the directions for both Transactions 1 and 2. (See Note 5.) DO NOT use the two step correction process to correct money amounts.**

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Error Made on the Original Return

How To File the Corrected Return

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**ERROR TYPE 2**

**CORRECTION**

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

**Transaction 1:** Identify incorrect returns.

- (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

- A. Prepare a new file. The first record on the file will be the Transmitter "T" Record.
- B. 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. (See Note 4.)
- C. 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 4.)
- D. Corrected returns 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.**
- E. Prepare a separate "C" Record for each type of return and each payer being reported.
- F. Continue with Transaction 2 to complete the correction.

**Note 4: 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.**

**Transaction 2:** Report the correct information.

- A. Make a separate "A" Record for each type of return and each payer being reported.
- 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.
- E. The last record on the file will be the End of Transmission "F" Record.

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**Note 5: See the 2008 General Instructions for Forms 1099, 1098, 5498, and W-2G for additional information on regulations affecting corrections and related penalties.**

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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 6: If a filer is reporting "G" coded, "C" coded, and/or "Non-coded" (original) returns on the same file, each category must be reported under separate "A" Records.**

### Sec. 9. Effect on Paper Returns and Statements to Recipients

.01 Electronic reporting of information returns eliminates the need to submit paper documents to the IRS. **CAUTION: Do not send Copy A of the paper forms to IRS/ECC-MTB for any forms filed electronically.** This will result in duplicate filing; therefore, erroneous notices could be generated.

.02 Payers are responsible for providing statements to the payees as outlined in the *2008 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, General Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498, W-2G and 1042-S.

### Sec. 10. 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 to participating states for approved filers.
- For approval, the filer must submit a test file coded for this program. See Part B, Sec. 3, Test Files.
- 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. This form does not have to be filed every year, only when payer information changes.

.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 required. 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, an electronic test file coded for this program **must** be submitted to IRS/ECC-MTB between *November 1, 2008, and February 15, 2009.*

**.03** 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** Form 6847, Consent for Internal Revenue Service to Release Tax Information, **must** be completed and signed by the payer, and returned to IRS/ECC-MTB before any tax information can be released to the state. Filers must write their TCC on Form 6847.

**.05** While a test file is only required for the first year when a filer applies 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 the current Revenue Procedure.

**.06** Within 1–2 days after your file has been sent, you will be notified via e-mail as to the acceptability of your file if you provide a valid e-mail address on the “Verify Your Filing Information” screen. If you are using e-mail filtering software, configure your software to accept e-mail from [fire@irs.gov](mailto:fire@irs.gov) and [irs.e-helpmail@irs.gov](mailto:irs.e-helpmail@irs.gov). If the file is bad, the filer must return to <http://fire.irs.gov> to determine what the errors are in the file by clicking on CHECK FILE STATUS. If the test file was unacceptable a new file can be transmitted up to February 15, 2009.

**.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 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. Payers must pro-rate the amounts to determine 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	Utah	49
Georgia	13	Mississippi	28	Virginia	51
Hawaii	15	Missouri	29	Wisconsin	55
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 positions 747-748	Payee "B" Record with state code 06 in positions 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. 11. Penalties Associated With Information Returns

**.01** The following penalties generally apply to the person required to file information returns. The penalties apply to electronic 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 electronically, 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. 7.02); 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 transmitted by the required date. See Part B, Sec. 4.06, for more information on replacement files.

**.04 Intentional disregard of filing requirements.** If 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 *2008 General Instructions for Forms 1099, 1098, 5498, and W-2G*.

### Sec. 12. 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.

## Part B. Electronic Filing Specifications

**Note:** *The FIRE System DOES NOT provide fill-in forms, except for Form 8809, Application for Extension of Time To File Information Returns. 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](http://www.irs.gov) and go to the [Approved IRS e-file for Business Providers](#) link. Also, see Part A, Sec. 5 .03.*

### Sec. 1. General

**.01** Electronic filing of Forms 1098, 1099, 5498, and W-2G information returns, originals, corrections, and replacements is the method of filing for payers who meet the 250 returns filing requirement. Payers who are under the filing threshold requirement, are encouraged to file 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 program. 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 paper forms with the same information as electronically submitted files. This would create duplicate reporting resulting in penalty notices.

.05 See Part C, Record Format Specifications and Record Layouts.

.06 *Form 8809, Application for Extension of Time To File Information Returns, is available as a fill-in form via the FIRE System. If you do not already have a User ID and password refer to Section 7. At the Main Menu, click "Extension of Time Request" and then click "Fill-in Extension Form". This option is only used to request an automatic 30-day extension and must be completed by the due date of the return for each payer requesting an extension. Print the approval page for your records. Refer to Part D for additional details.*

## Sec. 2. Electronic Filing Approval Procedure

.01 Filers must obtain a Transmitter Control Code (TCC) prior to submitting files electronically. 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. 5, 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. However, users can change their passwords at any time from the Main Menu.

## Sec. 3. 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 2008 (returns to be filed in 2009), it **must** be submitted to IRS/ECC-MTB **no earlier than** November 1, 2008, and **no later than** February 15, 2009.

.02 IRS/ECC-MTB encourages first time electronic 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. 10, for further information on the Combined Federal/State Filing Program.

.03 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
- (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 C for record formats.)

.04 Use the Test Indicator "T" in Field Position 28 of the "T" Record to show this is a test file.

.05 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.

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

.07 Within 1-2 days after your file has been sent, you will be notified via e-mail as to the acceptability of your file if you provide a valid e-mail address on the "Verify Your Filing Information" screen. If you are using e-mail filtering software, configure your software to accept e-mail from [fire@irs.gov](mailto:fire@irs.gov) and [irs.e-helpmail@irs.gov](mailto:irs.e-helpmail@irs.gov). If the file is bad, the filer must return to <http://fire.irs.gov> to determine what the errors are in the file by clicking on CHECK FILE STATUS. 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 10, 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 a 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.

## Sec. 4. Electronic Submissions

.01 Electronically filed information may be submitted to IRS/ECC-MTB 24 hours a day, 7 days a week. Technical assistance is available Monday through Friday between 8:30 a.m. and 4:30 p.m. EST by calling **toll-free 1-866-455-7438**.

.02 **The FIRE System will be down from 2 p.m. EST December 22, 2008, through January 4, 2009.** This allows IRS/ECC-MTB to update its system to reflect current year changes.

.03 If you are sending files larger than 10,000 records electronically, data compression is encouraged. When transmitting files larger than 5 million records, please contact IRS/ECC-MTB for additional information. 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 up to 95 percent by using compression.**

.04 The FIRE System can accept multiple files for the same type of return providing duplicate data is not transmitted. For example, if your company has several branches issuing 1099-INT forms, it is not necessary to consolidate all the forms into one transmission. Each file may be sent separately, **providing duplicate data is not transmitted.**

.05 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 IRS/ECC-MTB to identify the file, if assistance is required.

.06 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.

.07 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/correction 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.**

.08 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. 5. PIN Requirements

.01 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. 6. 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.

.03 After 1-2 business days, the results of the electronic transmission will be e-mailed to you providing you provide an accurate e-mail address on the "Verify Your Filing Information" screen. If you are using e-mail filtering software, configure your software to accept e-mail from [fire@irs.gov](mailto:fire@irs.gov) and [irs.e-helpmail@irs.gov](mailto:irs.e-helpmail@irs.gov). If after receiving the e-mail it indicates that your file is bad, you must log into the FIRE System and go to the CHECK FILE STATUS area of the FIRE System to determine what the errors are in your file.

## Sec. 7. 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 TIN 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 here to continue**”.

### **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).

Read the bulletin(s) and/or “**Click here to continue**”.

### **Uploading your file to the FIRE System**

At Menu Options:

Click “**Send Information Returns**”

Enter your **TCC**:

Enter your **TIN**:

Click “**Submit**”.

The system will then display the company name, address, city, state, ZIP Code, telephone number, contact and e-mail address. This information will be used to e-mail the transmitter regarding their transmission. Update as appropriate and/or Click “**Accept**”.

**Note: Please ensure that the e-mail is accurate so that the correct person receives the e-mail and it does not return to us undeliverable. If you are using SPAM filtering software, please configure it to allow an e-mail from [fire@irs.gov](mailto:fire@irs.gov) and [irs.e-helpmail@irs.gov](mailto:irs.e-helpmail@irs.gov).**

Click one of the following:

**Original File**

**Correction File**

**Test File** (This option will only be available from 11/1/2008 — 02/15/2009.)

**Replacement File** (Click on the file to be replaced.)

- **Electronic Replacement** (file was originally transmitted on this system)  
Click the file to be replaced.



## Uploading your file to the FIRE System

- **Mag Media Replacement** (file was originally sent on some type of magnetic media) Enter the alpha character from the letter (L-2494) that was returned. It is located on the top right on the letter under “Refer Reply To:” For example, if the letter indicates TCC 44444A, the alpha code that would be entered is “A”. Click “**Submit**”.

Enter your 10-digit PIN (not prompted for this if a test is being sent).

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**”.

**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.**

## Checking your FILE STATUS

If the correct e-mail address was provided on the “Verify Your Filing Information” screen when the file was sent, an e-mail will be sent regarding your FILE STATUS. If the results in the e-mail indicate “Good, not Released” and you agree with the “Count of Payees”, then you are finished with this file. If you have any other results, please follow the instructions below.

At the Main Menu:

Click “**Check File Status**”.

Enter your **TCC**:

Enter your **TIN**:

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. 8. Common Problems and Questions**

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 software packages.

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

This section lists some of the problems most frequently encountered with electronic files submitted to IRS/ECC-MTB. These problems may result in IRS/ECC-MTB requesting replacement files.

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### 1. 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) fill unused positions. **Do Not Use Blanks.**

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### 2. 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.

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

The Payer’s TIN reported in positions 12–20 of the “A” record must be a nine-digit number. (**Do Not Enter Hyphens.**) The TIN and the First Payer Name Line provided in the “A” record must correspond.

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### 4. 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. This position must be blank for current tax year data.

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### 5. Incorrect use of Test Indicator.

When sending a test file, position 28 of the Transmitter “T” record should contain a “T”, otherwise blank fill. Do not populate this Field with a “T” if sending an original, replacement or correction file.

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

TINs entered in positions 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.

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### 7. Distribution Codes for Form 1099-R Reported Incorrectly.

For Form 1099-R, there must be valid Distribution Code(s) in positions 545–546 of the Payee “B” record. For valid codes (and combinations), see Guide to Distribution Codes in Part C. 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.

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### 8. 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. 8.

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## **NON-FORMAT ERRORS**

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### 1. *SPAM filters are not set to receive e-mail from [fire@irs.gov](mailto:fire@irs.gov) and [irs.e-helpmail@irs.gov](mailto:irs.e-helpmail@irs.gov).*

*If you want to receive e-mails concerning your files, processing results, reminders and notices, set your SPAM filter to receive e-mail from [fire@irs.gov](mailto:fire@irs.gov) and [irs.e-helpmail@irs.gov](mailto:irs.e-helpmail@irs.gov).*

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### 2. *Incorrect e-mail provided.*

*When the “Verify Your Filing Information” screen is displayed, make sure your correct e-mail address is listed. If not, please update with the correct e-mail address.*

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### **3. Transmitter does not check the FIRE System to determine why the file is bad.**

The results of your file transfer are posted to the FIRE System within two business days. If the correct e-mail address was provided on the “Verify Your Filing Information” screen when the file was sent, an e-mail will be sent regarding your FILE STATUS. If the results in the e-mail indicate “Good, not Released” and you agree with the “Count of Payees”, then you are finished with this file. If you have any other results, please follow the instructions in the Check File Status option. 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.

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### **4. Incorrect file is not replaced timely.**

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

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### **5. 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.

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### **6. 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.

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### **7. 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.

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### **8. File is formatted as EBCDIC.**

All files submitted electronically must be in standard ASCII code.

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

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

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### **10. Transmitter sent the wrong file, what should be done?**

Call us as soon as possible toll-free at **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.**

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## **Part C. 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 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 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 C. A replacement file will be requested by IRS/ECC-MTB if the “T” Record is not present.

**.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 e-mail 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	<b>Required.</b> Enter “T”.
2–5	Payment Year	4	<b>Required.</b> Enter “2008”. If reporting prior year data, report the year which applies (2006, 2007, etc.) and set the Prior Year Data Indicator in field position 6.
6	Prior Year Data Indicator	1	<b>Required.</b> Enter “P” <b>only</b> if reporting prior year data; otherwise, enter blank. Do not enter a “P” if tax year is 2008. (See Note.)

**Note: Electronic files SENT December 21 or later must be coded with a “P”. Current year processing ends in December and programs are converted for the next processing year.**

7–15	Transmitter’s TIN	9	<b>Required.</b> Enter the transmitter’s nine-digit Taxpayer Identification Number (TIN). May be an EIN or SSN.
16–20	Transmitter Control Code	5	<b>Required.</b> 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.
21–27	Blank	7	Enter blanks.
28	Test File Indicator	1	<b>Required for test files only.</b> 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	<b>Required.</b> Enter the name of the transmitter in the manner in which it is used in normal business. Left-justify and fill unused positions with blanks.
70–109	Transmitter Name (Continuation)	40	<b>Required.</b> 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	<b>Required.</b> 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	<b>Required.</b> Enter the mailing address where correspondence should be sent.

**Note: Any correspondence relating to problem electronic files will be sent to this address.**

**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).

230–269	Company City	40	<b>Required.</b> Enter the city, town, or post office where correspondence should be sent.
270–271	Company State	2	<b>Required.</b> Enter the valid U.S. Postal Service state abbreviation. Refer to the chart for valid state codes in Part A, Sec. 12.
272–280	Company ZIP Code	9	<b>Required.</b> 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.

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

<b>Field Position</b>	<b>Field Title</b>	<b>Length</b>	<b>Description and Remarks</b>						
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.						
304-343	Contact Name	40	<b>Required.</b> 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	<b>Required.</b> Enter the telephone number of the person to contact regarding electronic 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 <b>866-455-7438</b> with an extension of <b>52345</b> would be <b>866455743852345</b> .						
359-408	Contact e-mail Address	50	<b>Required if available.</b> Enter the e-mail address of the person to contact regarding electronic files. Left-justify information. If no e-mail address is available, enter blanks.						
409-499	Blank	91	Enter blanks.						
500-507	Record Sequence Number	8	<b>Required.</b> 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	<p><b>Required.</b> Enter the appropriate code from the table below to indicate if your software was provided by a vendor or produced in-house.</p> <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.								
<p><b>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.</b></p>									
519-558	Vendor Name	40	<b>Required.</b> Enter the name of the company from whom you purchased your software.						
559-598	Vendor Mailing Address	40	<b>Required.</b> Enter the mailing address.						
<p><b>For U.S. addresses,</b> the vendor city, state, and ZIP Code must be reported as a 40, 2, and 9-position field, respectively. <b>Filers must adhere to the correct format for the payer city, state, and ZIP Code.</b></p> <p><b>For foreign addresses,</b> 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	<b>Required.</b> Enter the city, town, or post office.						
639-640	Vendor State	2	<b>Required.</b> Enter the valid U.S. Postal Service state abbreviation. Refer to the chart of valid state codes in Part A, Sec. 12.						

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

Field Position	Field Title	Length	Description and Remarks
641-649	Vendor ZIP Code	9	<b>Required.</b> Enter the valid nine-digit ZIP Code assigned by the U.S. Postal Service. If only the first five-digits are known, left-justify information and fill unused positions with blanks.
650-689	Vendor Contact Name	40	<b>Required.</b> Enter the name of the person who can be contacted concerning any software questions.
690-704	Vendor Contact Phone Number & Extension	15	<b>Required.</b> 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	Blank	35	Enter 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	Blank
1	2-5	6	7-15	16-20	21-27

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 e-mail Address	Blank	Record Sequence Number	Blank	Vendor Indicator
344-358	359-408	409-499	500-507	508-517	518

Vendor Name	Vendor Mailing Address	Vendor City	Vendor State	Vendor ZIP Code	Vendor Contact Name
519-558	559-598	599-638	639-640	641-649	650-689

Vendor Contact Phone Number & Extension	Blank	Vendor Foreign Entity Indicator	Blank	Blank or CR/LF
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 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 field position(s) and for the indicated length.

Record Name: Payer "A" Record			
Field Position	Field Title	Length	Description and Remarks
1	Record Type	1	<b>Required.</b> Enter an "A".
2-5	Payment Year	4	<b>Required.</b> Enter "2008". If reporting prior year data, report the year which applies (2006, 2007, etc.).
6-11	Blank	6	Enter blanks.
12-20	Payer's Taxpayer Identification Number (TIN)	9	<b>Required.</b> Must be the valid nine-digit Taxpayer Identification Number assigned to the payer. <b>Do not enter blanks, hyphens, or alpha characters.</b> All zeros, ones, twos, etc., will have the effect of an incorrect TIN.
<b>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).</b>			
21-24	Payer Name Control	4	The Payer Name Control can be obtained only from the mail label on the Package 1096 that is mailed to most payers each December. If a Package 1096 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.
25	Last Filing Indicator	1	Enter a "1" (one) if this is the <b>last year</b> this payer name and TIN will file information returns electronically or on paper; otherwise, enter blank.

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

Field Position	Field Title	Length	Description and Remarks
26	Combined Federal/State Filer	1	<b>Required for the Combined Federal/State Filing Program.</b> Enter "1" (one) if approved or submitting a test to participate in the Combined Federal/State Filing Program; otherwise, enter a blank.

**Note 1: If the Payer "A" Record is coded for Combined Federal/State Filing Program there must be coding in the Payee "B" Records and the State Totals "K" Records.**

**Note 2: If you entered "1" (one) in this field position, be sure to code the Payee "B" Records with the appropriate state code. Refer to Part A, Sec. 10, for further information.**

27	Type of Return	1	<b>Required.</b> 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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1099-DIV	1																																																				
1099-G	F																																																				
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1099-INT	6																																																				
1099-LTC	T																																																				
1099-MISC	A																																																				
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5498-SA	K																																																				
W-2G	W																																																				

28-41	Amount Codes (See Note.)	14	<b>Required.</b> 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. However, if discrepancies occur, this Revenue Procedure governs for filing electronically. Enter the amount codes in ascending sequence; numeric characters followed by alphas. Left-justify, and fill unused positions with blanks.
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**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 <b>Form 1098</b> — Mortgage Interest Statement	For Reporting Mortgage Interest Received From Payers/Borrowers (Payer of Record) on Form 1098:				
	<table border="1"> <thead> <tr> <th><u>Amount Code</u></th> <th><u>Amount Type</u></th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Mortgage interest received from payer(s)/borrower(s)</td> </tr> </tbody> </table>	<u>Amount Code</u>	<u>Amount Type</u>	1	Mortgage interest received from payer(s)/borrower(s)
<u>Amount Code</u>	<u>Amount Type</u>				
1	Mortgage interest received from payer(s)/borrower(s)				



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

<b>Field Position</b>	<b>Field Title</b>	<b>Length</b>	<b>Description and Remarks</b>
		<u><b>Amount Code</b></u>	<u><b>Amount Type</b></u>
		2	Points paid on purchase of principal residence
		3	Refund (or credit) of overpaid interest
		4	Mortgage Insurance Premiums
		5	Blank (Filer's use)
Amount Codes	<b>Form 1098-C</b> — Contributions of Motor Vehicles, Boats, and Airplanes		For Reporting Gross Proceeds From Sales on Form 1098-C:
		<u><b>Amount Code</b></u>	<u><b>Amount Type</b></u>
		4	Gross proceeds from sales
		6	Value of goods or services in exchange for vehicle
Amount Code	<b>Form 1098-E</b> — Student Loan Interest Statement		For Reporting Interest on Student Loans on Form 1098-E:
		<u><b>Amount Code</b></u>	<u><b>Amount Type</b></u>
		1	Student loan interest received by lender
Amount Codes	<b>Form 1098-T</b> — Tuition Statement		For Reporting Tuition Payments on Form 1098-T:
		<u><b>Amount Code</b></u>	<u><b>Amount Type</b></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
<b>Note 1: For Amount Codes 1 and 2 enter either payments received OR amounts billed. DO NOT report both.</b>			
<b>Note 2: 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.</b>			
Amount Codes	<b>Form 1099-A</b> — Acquisition or Abandonment of Secured Property		For Reporting the Acquisition or Abandonment of Secured Property on Form 1099-A:
		<u><b>Amount Code</b></u>	<u><b>Amount Type</b></u>
		2	Balance of principal outstanding
		4	Fair market value of property

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

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Field Position	Field Title	Length	Description and Remarks
Amount Codes <b>Form 1099-B</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, <b>See Note 1.</b> )
		3	Bartering (Do not report negative amounts.)
		4	Federal income tax withheld (backup withholding) (Do not report negative amounts.)
		6	Profit (or loss) realized in 2008 ( <b>See Note 2.</b> )
		7	Unrealized profit (or loss) on open contracts — 12/31/2007 ( <b>See Note 2.</b> )
		8	Unrealized profit (or loss) on open contracts — 12/31/2008 ( <b>See Note 2.</b> )
		9	Aggregate profit (or loss) ( <b>See Note 2.</b> )

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

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

Amount Codes <b>Form 1099-C</b> — 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 ( <b>See Note.</b> )

**Note: Use Amount Code 7 only if a combined Form 1099-A and 1099-C is being filed.**

Amount Code <b>Form 1099-CAP</b> — 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 <b>Form 1099-DIV</b> — 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
		B	Investment expenses
		C	Foreign tax paid
		D	Cash liquidation distributions
		E	Non-cash liquidation distributions

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

<b>Field Position</b>	<b>Field Title</b>	<b>Length</b>	<b>Description and Remarks</b>
Amount Codes	<b>Form 1099-G</b> — Certain Government Payments		For Reporting Payments on Form 1099-G:
		<u><b>Amount Code</b></u>	<u><b>Amount Type</b></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	Alternative Trade Adjustment Assistance (ATAA) Payments
		6	Taxable grants
		7	Agriculture payments
Amount Codes	<b>Form 1099-H</b> — Health Coverage Tax Credit (HCTC) Advance Payments		For Reporting Payments on Form 1099-H:
		<u><b>Amount Code</b></u>	<u><b>Amount Type</b></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	<b>Form 1099-INT</b> — Interest Income		For Reporting Payments on Form 1099-INT:
		<u><b>Amount Code</b></u>	<u><b>Amount Type</b></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
		8	Tax-exempt interest
		9	Specified Private Activity Bond Interest
Amount Codes	<b>Form 1099-LTC</b> — Long-Term Care and Accelerated Death Benefits		For Reporting Payments on Form 1099-LTC:
		<u><b>Amount Code</b></u>	<u><b>Amount Type</b></u>
		1	Gross long-term care benefits paid
		2	Accelerated death benefits paid

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

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Field Position	Field Title	Length	Description and Remarks
Amount Codes	<b>Form 1099-MISC</b> —		For Reporting Payments on Form 1099-MISC:
Miscellaneous Income			
(See Note 1.)			
		<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
		D	Section 409A Deferrals
		E	Section 409A Income

**Note 1: 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.**

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

Amount Codes	<b>Form 1099-OID</b> —		For Reporting Payments on Form 1099-OID:
Original Issue Discount			
		<u>Amount Code</u>	<u>Amount Type</u>
		1	Original issue discount for 2008
		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	<b>Form 1099-PATR</b> —		For Reporting Payments on Form 1099-PATR:
Taxable Distributions Received From Cooperatives			
		<u>Amount Code</u>	<u>Amount Type</u>
		1	Patronage dividends
		2	Nonpatronage distributions
		3	Per-unit retain allocations
		4	Federal income tax withheld (backup withholding)
		5	Redemption of nonqualified notices and retain allocations
		6	Deduction for qualified production activities income

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

<b>Field Position</b>	<b>Field Title</b>	<b>Length</b>	<b>Description and Remarks</b>
			<b>Pass-Through Credits</b>
		7	Investment credit
		8	Work opportunity credit
		9	Patron's alternative minimum tax (AMT) adjustment
		A	For filer's use for pass-through credits and deductions
	Amount Codes <b>Form 1099-Q</b> — Payments From Qualified Education Programs (Under Sections 529 and 530)		For Reporting Payments on a Form 1099-Q:
		<u><b>Amount Code</b></u>	<u><b>Amount Type</b></u>
		1	Gross distribution
		2	Earnings
		3	Basis
	Amount Codes <b>Form 1099-R</b> — Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.		For Reporting Payments on Form 1099-R:
		<u><b>Amount Code</b></u>	<u><b>Amount Type</b></u>
		1	Gross distribution
		2	Taxable amount ( <b>See Note 1.</b> )
		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 ( <b>See Note 2.</b> )
	<b>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.</b>		
	<b>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.</b>		
	Amount Codes <b>Form 1099-S</b> — Proceeds From Real Estate Transactions		For Reporting Payments on Form 1099-S:
		<u><b>Amount Code</b></u>	<u><b>Amount Type</b></u>
		2	Gross proceeds ( <b>See Note.</b> )
		5	Buyer's part of real estate tax
	<b>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.</b>		
	Amount Codes <b>Form 1099-SA</b> — Distributions From an HSA, Archer MSA, or Medicare Advantage MSA		For Reporting Distributions on Form 1099-SA:
		<u><b>Amount Code</b></u>	<u><b>Amount Type</b></u>
		1	Gross distribution
		2	Earnings on excess contributions
		4	Fair market value of the account on date of death

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

<b>Field Position</b>	<b>Field Title</b>	<b>Length</b>	<b>Description and Remarks</b>
Amount Codes Contribution Information	<b>Form 5498</b> — IRA		For Reporting Information on Form 5498:
			<u><b>Amount Code</b></u>
			<u><b>Amount Type</b></u>
		1	IRA contributions (other than amounts in Amount Codes 2, 3, 4, 8, 9, and A) ( <b>See Notes 1 and 2.</b> )
		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
<b>Note 1: If reporting IRA contributions for a participant in a military operation, see 2008 Instructions for Forms 1099-R and 5498.</b>			
<b>Note 2: Also include employee contributions to an IRA under a SEP plan but not salary reduction contributions. <u>DO NOT include EMPLOYER contributions</u>; these are included in Amount Code 8.</b>			
Amount Codes Coverdell ESA Contribution Information	<b>Form 5498-ESA</b> —		For Reporting Information on Form 5498-ESA:
			<u><b>Amount Code</b></u>
			<u><b>Amount Type</b></u>
		1	Coverdell ESA contributions
		2	Rollover contributions
Amount Codes MSA Information	<b>Form 5498-SA</b> — HSA, Archer MSA, or Medicare Advantage		For Reporting Information on Form 5498-SA:
			<u><b>Amount Code</b></u>
			<u><b>Amount Type</b></u>
		1	Employee or self-employed person's Archer MSA contributions made in 2008 and 2009 for 2008
		2	Total contributions made in 2008 (See current 2008 Instructions.)
		3	Total HSA/MSA contributions made in 2009 for 2008
		4	Rollover contributions ( <b>See Note.</b> )
		5	Fair market value of HSA, Archer MSA or Medicare Advantage MSA
<b>Note: This is the amount of any rollover made to this MSA in 2008 after a distribution from another MSA. For detailed information on reporting, see the 2008 Instructions for Forms 1099-SA and 5498-SA.</b>			
Amount Codes Gambling Winnings	<b>Form W-2G</b> — Certain		For Reporting Payments on Form W-2G:
			<u><b>Amount Code</b></u>
			<u><b>Amount Type</b></u>
		1	Gross winnings
		2	Federal income tax withheld
		7	Winnings from identical wagers
42-51	Blank	10	Enter blanks.
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.

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

<b>Field Position</b>	<b>Field Title</b>	<b>Length</b>	<b>Description and Remarks</b>
53–92	First Payer Name Line	40	<b>Required.</b> Enter the name of the payer whose TIN appears in positions 12–20 of the "A" Record. Any extraneous information must be deleted. Left-justify information, and fill unused positions with blanks. (Filers should not enter a transfer agent's name in this field. Any transfer agent's name should appear in the Second Payer Name Line Field.)
93–132	Second Payer Name Line	40	If the Transfer (or Paying) Agent Indicator (position 133) contains a "1" (one), this field must contain the name of the transfer (or paying) agent. If the indicator contains a "0" (zero), this field may contain either a continuation of the First Payer Name Line or blanks. Left-justify information and fill unused positions with blanks.
133	Transfer Agent Indicator	1	<b>Required.</b> Identifies the entity in the Second Payer Name Line Field.
		<u>Code</u>	<u>Meaning</u>
		1	The entity in the Second Payer Name Line Field is the transfer (or paying) agent.
		0 (zero)	The entity shown is <b>not</b> the transfer (or paying) agent (i.e., the Second Payer Name Line Field contains either a continuation of the First Payer Name Line Field or blanks).
134–173	Payer Shipping Address	40	<b>Required.</b> If the Transfer Agent Indicator in position 133 is a "1" (one), enter the shipping address of the transfer (or paying) agent. Otherwise, enter the <b>actual</b> shipping address of the payer. The street address should include number, street, apartment or suite number, or PO Box if mail is not delivered to a street address. Left-justify information, and fill unused positions with blanks.
<b>For U.S. addresses,</b> the payer city, state, and ZIP Code must be reported as a 40, 2, and 9-position field, respectively. <b>Filers must adhere to the correct format for the payer city, state, and ZIP Code.</b>			
<b>For foreign addresses,</b> filers may use the payer city, state, and 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	<b>Required.</b> If the Transfer Agent Indicator in position 133 is a "1" (one), enter the city, town, or post office of the transfer agent. Otherwise, enter the city, town, or post office of the payer. Left-justify information, and fill unused positions with blanks. Do not enter state and ZIP Code information in this field.
214–215	Payer State	2	<b>Required.</b> Enter the valid U.S. Postal Service state abbreviations. Refer to the chart of valid state abbreviations in Part A, Sec. 12.
216–224	Payer ZIP Code	9	<b>Required.</b> Enter the valid nine-digit ZIP Code assigned by the U.S. Postal Service. If only the first five-digits are known, left-justify information and fill the unused positions with blanks. For foreign countries, alpha characters are acceptable as long as the filer has entered a "1" (one) in the Foreign Entity Indicator, located in Field Position 52 of the "A" Record.
225–239	Payer's Phone Number & Extension	15	Enter the payer's phone number and extension. Omit hyphens. Left-justify information and fill unused positions with blanks.
240–499	Blank	260	Enter blanks.

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

Field Position	Field Title	Length	Description and Remarks
500-507	Record Sequence Number	8	<b>Required.</b> 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	Foreign Entity Indicator	First Payer Name Line
26	27	28-41	42-51	52	53-92

Second Payer Name Line	Transfer Agent Indicator	Payer Shipping Address	Payer City	Payer State	Payer ZIP Code
93-132	133	134-173	174-213	214-215	216-224

Payer's Phone Number and Extension	Blank	Record Sequence Number	Blank	Blank or CR/LF
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, 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. 10, 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 numeric characters.

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**Record Name: Payee “B” Record**

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Field Position	Field Title	Length	Description and Remarks	
1	Record Type	1	<b>Required.</b> Enter “B”.	
2–5	Payment Year	4	<b>Required.</b> Enter “2008”. If reporting prior year data, report the year which applies (2006, 2007, etc.).	
6	Corrected Return Indicator (See Note.)	1	<b>Required for corrections only.</b> Indicates a corrected return.	
			<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. 8, for specific instructions on how to file corrected returns.**

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7–10	Name Control	4	If determinable, enter the first four characters of the surname of the person whose TIN is being reported in positions 12-20 of the “B” Record; otherwise, <b>enter blanks</b> . This usually is the payee. If the name that corresponds to the TIN is not included in the first or second payee name line and the correct name control is not provided, a backup withholding notice may be generated for the record. Surnames of less than four characters should be 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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**Record Name: Payee "B" Record (Continued)**

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Field Position	Field Title	Length	Description and Remarks
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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. A dash (-) and an ampersand (&) are the only acceptable special characters.**

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

<u>Name</u>	<u>Name Control</u>
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Individuals:

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

Corporations:

The <b>First</b> National Bank	FIRS
<b>The Hideaway</b>	THEH
<b>A&amp;B</b> Cafe	A&BC
<b>11TH</b> Street Inc.	11TH

Sole Proprietor:

Mark <b>Hemlock</b> DBA The Sunshine Club	HEML
Mark <b>D'Allesandro</b>	DALL

Partnership:

Robert <b>Aspen</b> and Bess Willow	ASPE
Harold <b>Fir</b> , Bruce Elm, and Joyce Spruce et al Ptr	FIR*

Estate:

Frank <b>White</b> Estate	WHIT
Estate of Sheila <b>Blue</b>	BLUE

Trusts and Fiduciaries:

<b>Daisy</b> Corporation Employee Benefit Trust	DAIS
Trust FBO The <b>Cherryblossom</b> Society	CHER

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

<b>Field Position</b>	<b>Field Title</b>	<b>Length</b>	<b>Description and Remarks</b>
21-40	Payer's Account Number For Payee	20	<b>Required if submitting more than one information return of the same type for the same payee.</b> 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. The account number can be any combination of alpha, numeric or special characters. 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)		<b>Required. Filers should allow for all payment amounts. For those not used, enter zeros.</b> 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. <b>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.</b> Positive and negative amounts are indicated by placing a "+" (plus) or "-" (minus) sign in the left-most position of the payment amount field. A negative over punch in the 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.
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.

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

<b>Field Position</b>	<b>Field Title</b>	<b>Length</b>	<b>Description and Remarks</b>
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.
<b>*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 filing.</b>			
223–246	Reserved	24	Enter blanks.
247	Foreign Country Indicator	1	<b>If the address of the payee is in a foreign country, enter a "1" (one) in this field;</b> 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.
248–287	First Payee Name Line	40	<b>Required.</b> Enter the name of the payee (preferably surname first) whose Taxpayer Identification Number (TIN) was provided in positions 12–20 of the Payee "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. 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. 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 2008 General Instruction for Forms 1099, 1098, 5498, and W-2G for reporting requirements.**

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

<b>Field Position</b>	<b>Field Title</b>	<b>Length</b>	<b>Description and Remarks</b>
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. Left-justify information and fill unused positions with blanks. <b>Do not enter address information.</b> 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. <b>See Note above in First Payee Name Line.</b>
328–367	Blank	40	Enter blanks.
368–407	Payee Mailing Address	40	<b>Required.</b> Enter mailing address of payee. Street address should include number, street, apartment or suite number, or PO Box if mail is not delivered to street address. This field <b>must not</b> contain any data other than the payee's mailing address.
408–447	Blank	40	Enter blanks.
448–487	Payee City	40	<b>Required.</b> Enter the city, town or post office. Left-justify information and fill the unused positions with blanks. Enter APO or FPO if applicable. Do not enter state and ZIP Code information in this field.
488–489	Payee State	2	<b>Required.</b> Enter the valid U.S. Postal Service state abbreviations for states or the appropriate postal identifier (AA, AE, or AP) described in Part A, Sec. 12.
490–498	Payee ZIP Code	9	<b>Required.</b> Enter the valid ZIP Code (nine or five-digit) assigned by the U.S. Postal Service. If only the first five-digits are known, left-justify information and fill 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.
500–507	Record Sequence Number	8	<b>Required.</b> 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. 10, 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.



**(2) Payee "B" Record — Record Layout Positions 544–750 for Form 1098-C (Continued)**

Field Position	Field Title	Length	Description and Remarks						
652–659	Date of Contribution	8	Enter the date the contribution was made to an organization, in the format YYYYMMDD (e.g., January 5, 2008, would be 20080105). <b>Do not enter hyphens or slashes.</b>						
660	Donee Indicator	1	Enter the appropriate indicator from the following table to report if the donee of the vehicle provides goods or services in exchange for the vehicle.  <table border="1"> <thead> <tr> <th>Indicator</th> <th>Usage</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Donee provided goods or services</td> </tr> <tr> <td>2</td> <td>Donee did not provide goods or services</td> </tr> </tbody> </table>	Indicator	Usage	1	Donee provided goods or services	2	Donee did not provide goods or services
Indicator	Usage								
1	Donee provided goods or services								
2	Donee did not provide goods or services								
661	Intangible Religious Benefits Indicator	1	Enter a "1" (one) if only intangible religious benefits were provided in exchange for the vehicle; otherwise, leave blank.						
662	Deduction \$500 or Less Indicator	1	Enter a "1" (one) if under law donor cannot claim a deduction of more than \$500 for the vehicle; otherwise, leave blank.						
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, 2008, would be 20080105). <b>Do not enter hyphens or slashes.</b>						
731–748	Goods and Services	18	Enter a description of any goods and services received for the vehicle; otherwise, leave blank. Left-justify and fill unused positions with 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**

Blank	Transaction Indicator	Transfer After Improvements Indicator	Transfer Below Fair Market Value Indicator	Make, Model, Year	Vehicle or Other Identification Number	Vehicle Description
544–545	546	547	548	549–587	588–612	613–651

Date of Contribution	Donee Indicator	Intangible Religious Benefits Indicator	Deduction \$500 or Less Indicator	Special Data Entries	Date of Sale	Goods and Services	Blank or CR/LF
652–659	660	661	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.

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

Field Position	Field Title	Length	Description and Remarks
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**

Blank	Origination Fees/Capitalized Interest Indicator	Blank	Special Data Entries	Blank	Blank or CR/LF
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 2008. 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.
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 2009. Otherwise, enter a blank.
550	Method of Reporting 2007 Amounts Indicator	1	<b>Required.</b> Enter "1" (one) if the method of reporting has changed from the previous year. Otherwise, enter a blank.
551–662	Blank	112	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	Method of Reporting 2007 Amounts Indicator
544–546	547	548	549	550

Blank	Special Data Entries	Blank	Blank or CR/LF
551–662	663–722	723–748	749–750

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

<b>Field Position</b>	<b>Field Title</b>	<b>Length</b>	<b>Description and Remarks</b>						
544–546	Blank	3	Enter blanks.						
547	Personal Liability Indicator	1	Enter the appropriate indicator from the table below:						
			<table border="0"> <tr> <td style="text-align: center;"><u><b>Indicator</b></u></td> <td style="text-align: center;"><u><b>Usage</b></u></td> </tr> <tr> <td style="text-align: center;">1</td> <td>Borrower was personally liable for repayment of the debt.</td> </tr> <tr> <td style="text-align: center;">Blank</td> <td>Borrower was not personally liable for repayment of the debt.</td> </tr> </table>	<u><b>Indicator</b></u>	<u><b>Usage</b></u>	1	Borrower was personally liable for repayment of the debt.	Blank	Borrower was not personally liable for repayment of the debt.
<u><b>Indicator</b></u>	<u><b>Usage</b></u>								
1	Borrower was personally liable for repayment of the debt.								
Blank	Borrower was not personally liable for repayment of the debt.								
548–555	Date of Lender’s Acquisition or Knowledge of Abandonment	8	Enter the acquisition date of the secured property or the date the lender first knew or had reason to know the property was abandoned, in the format YYYYMMDD (e.g., January 5, 2008, would be 20080105). <b>Do not enter hyphens or slashes.</b>						
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.						
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="0"> <tr> <td align="center"><u>Indicator</u></td> <td align="center"><u>Usage</u></td> </tr> <tr> <td align="center">1</td> <td>Gross proceeds</td> </tr> <tr> <td align="center">2</td> <td>Gross proceeds less commissions and options premiums</td> </tr> </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, 2008, would be 20080105). Enter blanks if this is an aggregate transaction. <b>Do not enter hyphens or slashes.</b>						
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	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. If fewer than 39 characters are required, left-justify information and fill unused positions with 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.						

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

Field Position	Field Title	Length	Description and Remarks
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. <b>(See Note.)</b>
723–734	State Income Tax Withheld	12	State income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right-justified and unused positions must be zero-filled. If not reporting state tax withheld, this field may be used as a continuation of the Special Data Entries Field.
735–746	Local Income Tax Withheld	12	Local income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right-justified and unused positions must be zero-filled. If not reporting local tax withheld, this field may be used as a continuation of the Special Data Entries field.
747–748	Blank	2	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

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.

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

Field Position	Field Title	Length	Description and Remarks
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, 2008, would be 20080105). <b>Do not enter hyphens or slashes.</b>
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.
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, 2008, would be 20080105). <b>Do not enter hyphens or slashes.</b>
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.
626–662	Blank	37	Enter blanks.

**(8) Payee "B" Record — Record Layout Positions 544–750 for Form 1099-CAP (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 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	Special Data Entries	Blank	Blank or CR/LF
626–662	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.
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.

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

Field Position	Field Title	Length	Description and Remarks
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. 10, 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.						
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. <b>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., 2008).</b> The valid range of years for the refund is 1998 through 2007.						

**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.



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

Field Position	Field Title	Length	Description and Remarks
723–734	State Income Tax Withheld	12	State income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right-justified and unused positions must be zero-filled. If not reporting state tax withheld, this field may be used as a continuation of the Special Data Entries Field.
735–746	Local Income Tax Withheld	12	Local income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right-justified and unused positions must be zero-filled. If not reporting local tax withheld, this field may be used as a continuation of the Special Data Entries Field.
747–748	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. 10, 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

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	<b>Required.</b> 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.
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. 10, 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**

<b>Field Position</b>	<b>Field Title</b>	<b>Length</b>	<b>Description and Remarks</b>						
544–546	Blank	3	Enter blanks.						
547	Type of Payment Indicator	1	Enter the appropriate indicator from the following table; otherwise, enter blanks.  <table border="0"> <tr> <td style="text-align: center;"><u>Indicator</u></td> <td style="text-align: center;"><u>Usage</u></td> </tr> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">Per diem</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">Reimbursed amount</td> </tr> </table>	<u>Indicator</u>	<u>Usage</u>	1	Per diem	2	Reimbursed amount
<u>Indicator</u>	<u>Usage</u>								
1	Per diem								
2	Reimbursed amount								
548–556	Social Security Number of Insured	9	<b>Required.</b> Enter the Social Security Number of the insured.						
557–596	Name of Insured	40	<b>Required.</b> Enter the name of the insured.						
597–636	Address of Insured	40	<b>Required.</b> 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 <b>must not</b> contain any data other than payee’s address.						
<b>For U.S. addresses,</b> the payee city, state, and ZIP Code must be reported as a 40, 2, and 9-position field, respectively. <b>Filers must adhere to the correct format for the insured’s city, state, and ZIP Code.</b>									
<b>For foreign addresses,</b> filers may use the insured’s city, state, and ZIP Code as a continuous 51-position field. Enter information in the following order: city, province or state, postal code, and the name of the country. When reporting a foreign address, the Foreign Country Indicator in position 247 must contain a “1” (one).									
637–676	City of Insured	40	<b>Required.</b> Enter the city, town, or post office. Left-justify information and fill the unused positions with blanks. Enter APO or FPO, if applicable. Do not enter state and ZIP Code information in this field.						
677–678	State of Insured	2	<b>Required.</b> Enter the valid U.S. Postal Service state abbreviations for states or the appropriate postal identifier (AA, AE, or AP) described in Part A, Sec. 12.						
679–687	ZIP Code of Insured	9	<b>Required.</b> Enter the valid nine-digit ZIP Code assigned by the U.S. Postal Service. If only the first five-digits are known, left-justify information and fill the unused positions with blanks. For foreign countries, alpha characters are acceptable as long as the filer has entered a “1” (one) in the Foreign Country Indicator, located in position 247 of the “B” Record.						

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

Field Position	Field Title	Length	Description and Remarks						
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 border="1"> <thead> <tr> <th>Indicator</th> <th>Usage</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Chronically ill</td> </tr> <tr> <td>2</td> <td>Terminally ill</td> </tr> </tbody> </table>	Indicator	Usage	1	Chronically ill	2	Terminally ill
Indicator	Usage								
1	Chronically ill								
2	Terminally ill								
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, 2008, would be 20080105). <b>Do not enter hyphens or slashes.</b>						
697	Qualified Contract Indicator (Optional)	1	Enter a "1" (one) if benefits were from a qualified long-term care insurance contract; otherwise, enter a 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.
<b>Note: If reporting a direct sales indicator <i>only</i>, 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.</b>			
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 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. 10, 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.
547–585	Description	39	<b>Required.</b> Enter the CUSIP number, if any. If there is no CUSIP number, enter the abbreviation for the stock exchange and issuer, the coupon rate, and year ( <b>must be 4-digit year</b> ) of maturity (e.g., NYSE XYZ 12/2008). 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. 10, 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. 10, 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	<b>Required.</b> Enter a “1” (one) if reporting a trustee to trustee transfer; otherwise, enter a 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	<b>Required.</b> Enter the appropriate code from the table below to indicate the type of tuition payment; otherwise, enter a blank.  <table border="1"> <thead> <tr> <th>Indicator</th> <th>Usage</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>	Indicator	Usage	1	Private program payment	2	State program payment	3	Coverdell ESA contribution
Indicator	Usage										
1	Private program payment										
2	State program payment										
3	Coverdell ESA contribution										
549	Designated Beneficiary	1	<b>Required.</b> 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 Transfer 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 a blank.
545–546	Distribution Code  (For a detailed explanation of distribution codes, see the <i>2008 Instructions for Forms 1099-R and 5498</i> .)  <b>See chart at the end of this record layout for a diagram of valid combinations of Distribution Codes.</b>	2	<b>Required.</b> Enter at least one distribution code from the table below. More than one code may apply. If only one code is 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, B, 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.



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

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<b>Field Position</b>	<b>Field Title</b>	<b>Length</b>	<b>Description and Remarks</b>
		<u><b>Code</b></u>	<u><b>Category</b></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 2008
		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
		B	Designated Roth account distribution
		D	*Excess contributions plus earnings/excess deferrals taxable in 2006
		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
		H	Direct rollover of distribution from a designated Roth account to a Roth IRA
		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 2008
		P	*Excess contributions plus earnings/excess deferrals taxable in 2007
		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 2007 <b>(See Note.)</b>
		S	*Early distribution from a SIMPLE IRA in first 2 years, no known exception

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

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<b>Field Position</b>	<b>Field Title</b>	<b>Length</b>	<b>Description and Remarks</b>
			<p style="text-align: center;"><u>Code</u>                      <u>Category</u></p> <p style="text-align: center;">T                              Roth IRA distribution, exception applies because participant has reached 59½, died or is disabled, but it is unknown if the 5-year period has been met.</p>
<p><b>*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.</b></p> <p><b>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).</b></p>			
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. <b>(See Note.)</b> 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. <b>Do not use the indicator for a distribution from a Roth or for an IRA recharacterization.</b>
<p><b>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 2008 Instructions for Forms 1099-R and 5498 for exceptions (Box 2a instructions).</b></p>			
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.
<p><b>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.</b></p>			
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.
552–555	First Year of Designated Roth Contribution	4	Enter the first year a designated Roth contribution was made in YYYY format. If the date is unavailable, enter blanks.
556–662	Blank	107	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.

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

Field Position	Field Title	Length	Description and Remarks
723–734	State Income Tax Withheld	12	State income tax withheld is for the convenience of the 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. 10, 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.

**FORM 1099-R DISTRIBUTION CODE CHART 2008**

**POSITION 546**

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

First Year of Designated Roth Contribution	Blank	Special Data Entries	State Income Tax Withheld	Local Income Tax Withheld	Combined Federal/State Code	Blank or CR/LF
552–555	556–662	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.
547	Property or Services Indicator	1	<b>Required.</b> Enter “1” (one) if the transferor received or will receive property (other than cash and consideration treated as cash in computing gross proceeds) or services as part of the consideration for the property transferred. Otherwise, enter a blank.
548–555	Date of Closing	8	<b>Required.</b> Enter the closing date in the format YYYYMMDD (e.g., January 5, 2008, would be 20080105). <b>Do not enter hyphens or slashes.</b>
556–594	Address or Legal Description	39	<b>Required.</b> Enter the address of the property transferred (including city, state, and ZIP Code). If the address does not sufficiently identify the property, also enter a legal description, such as section, lot, and block. For timber royalties, enter “TIMBER.” If fewer than 39 positions are required, left-justify information and fill unused positions with blanks.
595–662	Blank	68	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.

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

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

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**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

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**(20) Payee "B" Record — Record Layout Positions 544–750 for Form 1099-SA**

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Field Position	Field Title	Length	Description and Remarks														
544	Blank	1	Enter a blank.														
545	Distribution Code	1	<b>Required.</b> Enter the applicable code to indicate the type of payment.  <table><thead><tr><th>Code</th><th>Category</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 <b>after year of death</b> to a nonspouse beneficiary. (Do not use for distribution to an estate.)</td></tr></tbody></table>	Code	Category	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 <b>after year of death</b> to a nonspouse beneficiary. (Do not use for distribution to an estate.)
Code	Category																
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 <b>after year of death</b> 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.														

**(20) Payee "B" Record — Record Layout Positions 544–750 for Form 1099-SA (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 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	<b>Required, if applicable.</b> 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	<b>Required, if applicable.</b> Enter "1" (one) if reporting Rollover (Amount Code 2) or Fair Market Value (Amount Code 5) for a SEP. Otherwise, enter a blank.

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

Field Position	Field Title	Length	Description and Remarks
549	<b>SIMPLE</b> Indicator (Savings Incentive Match Plan for Employees)	1	<b>Required, if applicable.</b> Enter "1" (one) if reporting a Rollover (Amount Code 2) or Fair Market Value (Amount Code 5) for a SIMPLE. Otherwise, enter a blank.
550	<b>Roth IRA</b> Indicator	1	<b>Required, if applicable.</b> Enter "1" (one) if reporting a Rollover (Amount Code 2) or Fair Market Value (Amount Code 5) for a Roth IRA. Otherwise, enter a blank.
551	RMD Indicator	1	<b>Required.</b> Enter "1" (one) if reporting RMD for 2009. 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. ( <b>See Note.</b> )
<b>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.</b>			
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. 10, 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 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.

**(22) Payee “B” Record — Record Layout Positions 544–750 for Form 5498-ESA (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 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.
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



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

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<b>Field Position</b>	<b>Field Title</b>	<b>Length</b>	<b>Description and Remarks</b>																		
544–546	Blank	3	Enter blanks.																		
547	Type of Wager Code	1	<b>Required.</b> Enter the applicable type of wager code from the table below.  <table><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																				
548–555	Date Won	8	<b>Required.</b> Enter the date of the winning transaction in the format YYYYMMDD (e.g., January 5, 2008, would be 20080105). <b>Do not enter hyphens or slashes.</b> This is not the date the money was paid, if paid after the date of the race (or game).																		
556–570	Transaction	15	<b>Required.</b> For state-conducted lotteries, enter the ticket or other identifying number. For keno, bingo, and slot machines, enter the ticket or card number (and color, if applicable), machine serial number, or any other information that will help identify the winning transaction. For all others, 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 winnings; 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.																		

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

Field Position	Field Title	Length	Description and Remarks
735–746	Local Income Tax Withheld	12	Local income tax withheld is for the convenience of the filers. This information does not need to be reported to IRS. The payment amount must be right-justified and unused positions must be zero-filled. If not reporting local tax withheld, this field may be used as a continuation of the Special Data Entries field.
747–748	Blank	2	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

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	<b>Required.</b> Enter "C".
2–9	Number of Payees	8	<b>Required.</b> Enter the total number of "B" Records covered by the preceding "A" Record. Right-justify information and fill unused positions with zeros.
10–15	Blank	6	Enter blanks.

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

<b>Field Position</b>	<b>Field Title</b>	<b>Length</b>	<b>Description and Remarks</b>
16-33	Control Total 1	18	<b>Required.</b> Accumulate totals of any payment amount fields in the "B" Records into the appropriate control total fields of the "C" Record. <b>Control totals must be right-justified and unused control total fields zero-filled.</b> All control total fields are 18 positions in length. Each payment amount must contain U.S. dollars and cents. The right-most two positions represent cents in the payment amount fields. <b>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.</b> Positive and negative amounts are indicated by placing a "+" (plus) or "-" (minus) sign in the left-most position of the payment amount field.
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	<b>Required.</b> 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 C.

.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. 10, 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	<b>Required.</b> Enter “K”.
2–9	Number of Payees	8	<b>Required.</b> Enter the total number of “B” Records being coded for this state. Right-justify information and fill unused positions with zeros.
10–15	Blank	6	Enter blanks.
16–33	Control Total 1	18	<b>Required.</b> Accumulate totals of any payment amount fields in the “B” Records for each state being reported into the appropriate control total fields of the appropriate “K” Record. Each payment amount must contain U.S. dollars and cents. The right-most two positions represent cents in the payment amount fields. <b>Control totals must be right-justified and unused control total fields zero-filled.</b> All control total fields are 18 positions in length.
34–51	Control Total 2	18	
52–69	Control Total 3	18	
70–87	Control Total 4	18	
88–105	Control Total 5	18	
106–123	Control Total 6	18	
124–141	Control Total 7	18	
142–159	Control Total 8	18	
160–177	Control Total 9	18	
178–195	Control Total A	18	
196–213	Control Total B	18	
214–231	Control Total C	18	
232–249	Control Total D	18	
250–267	Control Total E	18	
268–499	Blank	232	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
500–507	Record Sequence Number	8	<b>Required.</b> 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.
747–748	Combined Federal/State Code	2	<b>Required.</b> Enter the code assigned to the state which is to receive the information. (Refer to Part A, Sec. 10, 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	Blank	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/payees 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.

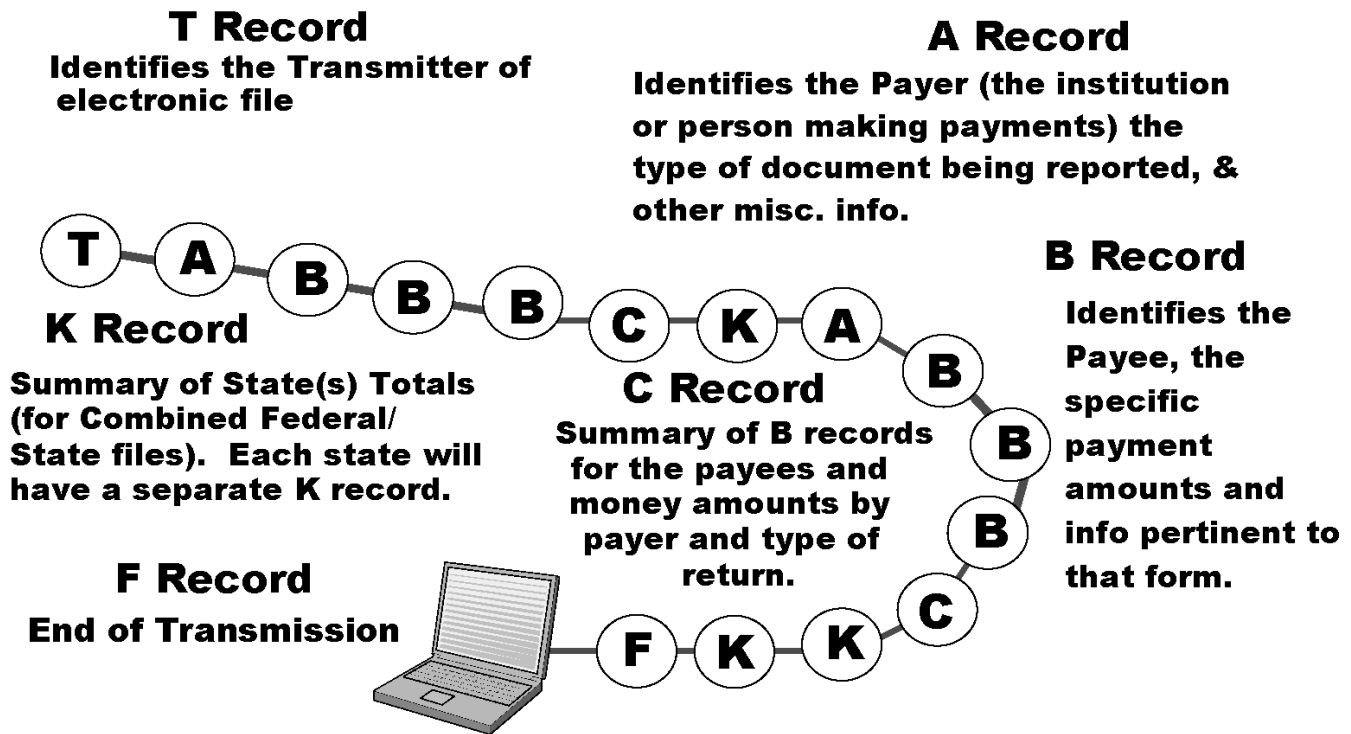
Record Name: End of Transmission “F” Record			
Field Position	Field Title	Length	Description and Remarks
1	Record Type	1	<b>Required.</b> Enter “F”.
2–9	Number of “A” Records	8	Enter the total number of Payer “A” Records in the entire file (right-justify and zero-fill) or enter all zeros.
10–30	Zero	21	Enter zeros.
31–49	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.
58–499	Blank	442	Enter blanks.
500–507	Record Sequence Number	8	<b>Required.</b> 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

# File Format

Each record must be 750 positions.



## Part D. 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** A paper Form 8809, Application for Extension of Time To File Information Returns, should be submitted to IRS/ECC-MTB at the address listed in .09 of this section. This form may be used to request an extension of time to file information returns submitted on paper or electronically to the IRS. Use a separate Form 8809 for each method of filing information returns you intend to use, i.e., electronically or paper.

**.03** The fill-in Form 8809 may be completed online via the FIRE System. (See Part B, Sec. 7, for instructions on connecting to the FIRE System.) At the Main Menu, click “Extension of Time Request” and then click “Fill-in Extension Form”. This option is only used to request an automatic 30-day extension. Extension requests completed online via the FIRE System receive an instant response. If you are requesting an additional extension, you must submit a paper Form 8809. Requests for an additional extension of time to file information returns are not automatically granted. Requests for additional time are granted only in cases of extreme hardship or catastrophic event. The IRS will only send a letter of explanation approving or denying your additional extension request. (Refer to .12 of this Section.)

**.04** To be considered, an extension request must be postmarked, transmitted or completed online by the due date of the returns; otherwise, the request will be denied. (See Part A, Sec. 7, 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 submitted 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, 2009.

**.05** As soon as it is apparent that a 30-day extension of time to file is needed, an extension request should be submitted. It may take up to 30 days for IRS/ECC-MTB to respond to an extension request. IRS/ECC-MTB does not begin processing extension requests until January. **Extensions completed online via the FIRE System receive instant results.**

**.06** 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.

.07 Requesting an extension of time for multiple payers (**10 or less**) may be done by completing the online fill-in form via the FIRE System or mailing Form 8809 and attaching a list of the payer names and associated TINs (EIN or SSN). Each payer must be completed online or included in the listing 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.

**Note: IRS encourages the payer/transmitter community to utilize the online fill-in form in lieu of the paper Form 8809.**

.08 Payers/transmitters requesting an extension of time to file for **more than 10** payers are **required** to submit the extensions online via the fill-in form or in a file electronically (see Sec. 3, for the record layout).

.09 All requests for an extension of time filed on Form 8809 must be sent using the following address:

IRS-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.**

.10 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). Notice 97–26, 1997–17 I.R.B. 6, 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, 2004–2 C.B. 1030, 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.

.11 Transmitters requesting an extension of time via an electronic file will receive an approval or denial letter, accompanied by a list of payers covered under that approval/denial.

.12 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 IRS/ECC-MTB’s response to your second extension request.**

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

.14 Request an extension for only one tax year.

.15 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. 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 at [www.irs.gov](http://www.irs.gov). A copy of Form 8809 is also provided in the back of Publication 1220.

## **Sec. 2. Specifications for Filing Extensions of Time Electronically**

.01 The specifications in Sec. 3 include the required 200-byte record layout for extensions of time to file requests submitted electronically. Also included are the instructions for the information that is to be entered in the record. **Filers are advised to read this section in its entirety to ensure proper filing.**

.02 If a filer does not have an IRS/ECC-MTB assigned Transmitter Control Code (TCC), Form 4419, Application for Filing Information Returns Electronically, **must** be submitted to obtain a TCC. This number **must** be used to submit an extension request electronically. (See Part A, Sec. 6.)

.03 *For extension requests filed via an electronic file, the transmitter must fax Form 8809 or send an e-mail through the FIRE System ([fire@irs.gov](mailto:fire@irs.gov) and [irs.e-helpmail@irs.gov](mailto:irs.e-helpmail@irs.gov)) the same day as the transmission. The e-mail should contain the same information as the Form 8809 in order to mail a response, check the record count and form types in the file. The e-mail option is only used to request the automatic 30-day extension. If you are requesting an additional extension, you must fax a signed Form 8809 the same day as the transmission. Be sure to include the reason an additional extension is needed.*

.04 **Transmitters submitting an extension of time via an electronic file should not submit a list of payer names and TINs with Form 8809 or e-mail this information since this information is included on the electronic file. However, Line 6 of Form 8809**



must be completed or the total number of records on the extension file must be included within the e-mail. The fill-in Form 8809 cannot be used in lieu of the paper Form 8809 for electronic files.

.05 Do not submit tax year 2008 extension requests filed electronically before *January 5, 2009*.

### 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	<b>Required.</b> Enter the five-character alpha/numeric Transmitter Control Code (TCC) issued by IRS. <b>Only one TCC per file is acceptable.</b>
6–14	Payer TIN	9	<b>Required.</b> Must be the valid nine-digit EIN/SSN assigned to the payer. <b>Do not enter blanks, hyphens or alpha characters.</b> All zeros, ones, twos, etc., will have the effect of an incorrect TIN. For foreign entities that are not required to have a TIN, this field may be blank; however, the Foreign Entity Indicator, position 187, <b>must</b> be set to “X”.
15–54	Payer Name	40	<b>Required.</b> Enter the name of the payer whose TIN appears in positions 6–14. Left-justify information and fill unused positions with 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	<b>Required.</b> 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	<b>Required.</b> Enter the payer’s city, town, or post office.
175–176	Payer State	2	<b>Required.</b> Enter the payer’s valid U.S. Postal Service state abbreviation. (Refer to Part A, Sec. 12.)
177–185	Payer ZIP Code	9	<b>Required.</b> Enter the payer’s ZIP Code. If using a five-digit ZIP Code, left-justify information and fill unused positions with blanks.
186	Document Indicator (See Note.)	1	<b>Required.</b> Enter the appropriate document code that indicates the form for which you are requesting an extension of time.
		<b>Code</b>	<b>Document</b>
		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

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

Field Position	Field Title	Length	Description and Remarks
<b>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 payer, submit one record with "2" coded in this field and another record with "3" coded in this field. If you are requesting an extension for Form 1099-DIV and Form 1099-MISC for the same payer, submit one record with "2" coded in this field.</b>			
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.
<b>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.</b>			
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 D, Sec. 1.09. 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.

**.04** Requests for a **recipient** extension of time to file for more than *10 payers* are **required** to be submitted electronically. (See Sec. 3, for the record layout.)

**.05** The **fill-in Form 8809 extension option cannot be used to request an extension to furnish statements to recipients.**

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

.01 If a payer is required to file electronically but fails to do so 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 2008 *General Instructions for Forms 1099, 1098, 5498, and W-2G*.)

.02 If payers are required to file original or corrected returns electronically, 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 Electronically, to IRS/ECC-MTB. Form 8508 can be obtained on the IRS website at [www.irs.gov](http://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 filing of corrections. Once the 250 threshold has been met, filers are required to submit any returns of 250 or more electronically. 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/ECC-MTB for the request to be processed.

.07 The waiver, if approved, will provide exemption from the electronic filing requirement for the current tax year only. Payers may not apply for a waiver for more than one tax year at a time.

.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. 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  
**Attn: Extension of Time Coordinator**  
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. The payer must still timely file information returns on the official IRS paper forms or an acceptable substitute form with the appropriate service center.

26 CFR 1.482-1: Allocation of income and deductions among taxpayers.

### Rev. Proc. 2008-31

#### SECTION 1. PURPOSE

This revenue procedure modifies Rev. Proc. 2006-9, 2006-1 C.B. 278, which informs taxpayers how to secure an advance pricing agreement (“APA”) from the APA Program within the Office of Associate Chief Counsel (International). This revenue procedure modifies Rev. Proc. 2006-9 to describe further the types of issues that may be resolved in the APA process.

#### SECTION 2. BACKGROUND

Since 1991, with the issuance of Rev. Proc. 91-22, 1991-1 C.B. 526, the Internal Revenue Service (“Service”) has offered taxpayers, through the APA Program, the opportunity to reach agreement in advance of filing a tax return on the appropriate transfer pricing method to be applied to related party transactions. In 1996, the Service updated and superseded Rev. Proc. 91-22 with the release of Rev. Proc. 96-53, 1996-2 C.B. 375. On July 1, 2004, the Service updated and superseded Rev. Proc. 96-53 by issuing Rev. Proc. 2004-40, 2004-2 C.B. 50. On December 19, 2005, the Service again updated the procedural rules for processing and administering APAs with the release of

Rev. Proc. 2006-9, 2006-1 C.B. 278, superseding Rev. Proc. 2004-40.

#### SECTION 3. MODIFICATION OF REV. PROC. 2006-9

Section 2.01 of Rev. Proc. 2006-9 is modified to read as follows:

The APA Program provides a voluntary process whereby the Internal Revenue Service (“Service”) and taxpayers may resolve transfer pricing issues under Section 482 of the Internal Revenue Code (“Code”), the Income Tax Regulations under Section 482, and relevant income tax treaties to which the United States is a party in a principled and cooperative manner on a prospective basis. The APA program also provides a process whereby the Service and taxpayers may resolve other issues arising under certain

income tax treaties, the Code, or the Income Tax Regulations, for which transfer pricing principles may be relevant, such as attribution of profits to a permanent establishment under an income tax treaty, determining the amount of income effectively connected with the conduct by the taxpayer of a trade or business within the United States, and determining the amounts of income derived from sources partly within and partly without the United States, as well as related subsidiary issues. The APA process increases the efficiency of tax administration by encouraging taxpayers to come forward and present to the Service all the facts relevant to a proper

transfer pricing analysis and to work towards a mutual agreement in a spirit of openness and cooperation. The prospective nature of APAs lessens the burden of compliance by giving taxpayers greater certainty regarding their transfer pricing methods, and promotes the principled resolution of these issues by allowing for their discussion and resolution in advance before the consequences of such resolution are fully known to taxpayers and the Service.

#### SECTION 4. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2006-9 is modified.

#### SECTION 5. EFFECTIVE DATE

This revenue procedure is effective June 9, 2008, the date this revenue procedure was published in Internal Revenue Bulletin 2008-23.

#### SECTION 6. DRAFTING INFORMATION

The principal author of this revenue procedure is Per Juvkam-Wold of the Office of Associate Chief Counsel (International). For further information regarding this revenue procedure, contact Craig Sharon at (202) 435-5220 (not a toll-free call).

## Part IV. Items of General Interest

### Notice of Proposed Rulemaking

#### Contributed Property

#### REG-100798-06

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of Proposed Rulemaking.

SUMMARY: These proposed regulations under section 704(c) of the Internal Revenue Code (Code) provide that the section 704(c) anti-abuse rule takes into account the tax liabilities of both the partners in a partnership and certain direct and indirect owners of such partners. The proposed regulations further provide that a section 704(c) allocation method cannot be used to achieve tax results inconsistent with the intent of subchapter K of the Code. The proposed regulations affect partnerships and their partners.

DATES: Written or electronic comments and requests for a public hearing must be received by August 18, 2008.

ADDRESSES: Send submissions to: CC:PA:LPD:PR (REG-100798-06), Room 5203, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand-delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to: CC:PA:LPD:PR (REG-100798-06), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, DC. Alternatively, taxpayers may submit comments electronically via the Federal eRulemaking Portal at [www.regulations.gov](http://www.regulations.gov) (IRS REG-100798-06).

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Laura Fields or Steven A. Schmoll at (202) 622-3050; concerning submissions of comments, and hearing requests, e-mail [Richard.A.Hurst@irs.counsel.treas.gov](mailto:Richard.A.Hurst@irs.counsel.treas.gov), (202) 622-7180 (not toll-free numbers).

#### SUPPLEMENTAL INFORMATION:

##### Background

Under section 704(c), a partnership must allocate items of income, gain, loss and deduction attributable to contributed property to take into account any variation between the property's adjusted tax basis and its fair market value at the time of contribution. Section 1.704-3(a) permits the use of any reasonable allocation method that is consistent with the purposes of section 704(c). Section 1.704-3 provides three allocation methods that are generally reasonable and consistent with the purposes of section 704(c): the traditional method, the traditional method with curative allocations and the remedial method.

Section 1.704-3(a)(10) provides that an allocation method (or combination of methods) is not reasonable if the contribution of property (or event that results in reverse section 704(c) allocations) and the corresponding allocation of tax items with respect to the property are made with a view to shifting the tax consequences of built-in gain or loss among the partners in a manner that substantially reduces the present value of the partners' aggregate tax liability (the anti-abuse rule).

In 2003, the Staff of the Joint Committee on Taxation (JCT) prepared *The Report on Investigation of Enron Corporation and Related Entities Regarding Federal Tax and Compensation Issues, and Policy Recommendations*, (JCS-3-03) February 2003 (Enron Report). As part of the Enron Report, the JCT considered a transaction identified as "Project Condor." See Enron Report, pgs. 208-221. Responding to the Enron Report, Congress enacted section 755(c) in the American Jobs Creation Act of 2004, Public Law 108-357 (118 Stat. 1418) to address the unwarranted tax benefits for transactions similar to Project Condor.

In addition to the legislative recommendation, the Enron Report states that the rules of section 704(c) should not be used by related parties to shift basis among assets in the manner attempted in Project Condor. Although the Enron Report noted that the anti-abuse rule of §1.704-3(a)(10) "...should apply to preclude the tax benefits Project Condor purported to gen-

erate," the Enron Report recommended strengthening the anti-abuse rule relating to "...partnership allocations for property contributed to a partnership, especially in the case of partners that are members of the same consolidated group to ensure that the allocation rules are not used to obtain unwarranted tax benefits." See Enron Report, pg. 220.

These proposed regulations address the JCT recommendation by clarifying certain aspects of the anti-abuse rule. These clarifications are consistent with the general principles of sections 701 and 704, and make conforming changes to those that were recently adopted in §1.704-1(b)(2)(iii).

##### Explanation of Provisions

Under the anti-abuse rule, an allocation method (or combination of methods) is not reasonable if the contribution of property and the corresponding allocation of tax items with respect to the property are made with a view to shifting the tax consequences of built-in gain or loss among the partners in a manner that substantially reduces the present value of the partners' aggregate tax liability. Failing to consider a substantial reduction in the present value of an indirect partner's tax liability when analyzing the reasonableness of an allocation method would be inconsistent with the purposes of section 704(c) because it would allow a partnership to adopt a tax-advantaged allocation method if the tax advantages of the method accrued to an indirect partner, rather than a direct partner. Accordingly, §1.704-3(a)(10) is amended to provide that, for purposes of applying the anti-abuse rule, the tax effect of an allocation method (or combination of methods) on both direct and indirect partners is considered. The proposed regulations provide that an indirect partner is any direct or indirect owner of a partnership, S corporation, or controlled foreign corporation (as defined in section 957(a) or 953(c)), or direct or indirect beneficiary of a trust or estate, that is a partner in the partnership, and any consolidated group of which the partner in the partnership is a member (within the meaning of section 1.1502-1(h)). However, an owner of a controlled foreign corporation is treated as

an indirect partner only with respect to the allocation of items that enter into the computation of a United States shareholder's inclusion under section 951(a) with respect to the controlled foreign corporation, enter into any person's income attributable to a United States shareholder's inclusion under section 951(a) with respect to the controlled foreign corporation, or would enter into the computations described in this paragraph if such items were allocated to the controlled foreign corporation.

The Treasury Department and IRS believe that this amendment merely confirms the proper application of the anti-abuse rule contained in the existing regulations. This clarifying addition is consistent with the recent modification to §1.704-1(b)(2)(iii) (substantiality test) confirming that, for purposes of the substantiality test, the tax consequences to an owner of a look-through entity that is a partner in the partnership must be taken into account when evaluating an allocation to such partner.

These proposed regulations further provide that the principles of section 704(c), together with the allocation methods described in §1.704-3, paragraphs (b), (c) and (d), apply only with respect to the contributions of property to the partnership. In that regard, the anti-abuse rule of §1.701-2(b) provides that, if a partnership is formed or availed of in connection with a transaction a principal purpose of which is to reduce substantially the present value of the partners' Federal tax liability in a manner inconsistent with the intent of subchapter K, the IRS may recast the transaction for federal tax purposes as appropriate to achieve tax results that are consistent with the intent of subchapter K. Thus, even though a transaction may satisfy the literal words of the statute or regulations, the IRS may recast a transaction as appropriate to avoid tax results that are inconsistent with the intent of subchapter K, including but not limited to: (i) disregarding purported partnerships, in whole or part, so that partnership assets are treated as owned by the partner; (ii) disregarding one or more contributions or (iii) disregarding one or more purported partners. The proposed regulations also provide that, in determining if a purported contribution of property to a partnership should be recast to avoid results that are inconsistent with subchapter K, one factor that may be relevant is the

use of the remedial method in which allocations of remedial items of income, gain, loss or deduction are made to one partner and allocations of offsetting remedial items are made to a related partner.

### Proposed Effective Date

These regulations are proposed to apply for taxable years beginning after the date of publication of the Treasury decision adopting these rules as final regulations in the **Federal Register**. No inference should be drawn from this effective date with respect to prior law.

### Special Analyses

It has been determined that this notice of proposed rulemaking 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 the regulation does not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Code, this notice of proposed rulemaking has been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

### Comments and Public Hearing

Before the proposed regulations are adopted as final regulations, consideration will be given to any written (a signed original and eight (8) copies) or electronic comments that are submitted timely to the IRS. The IRS and Treasury Department request comments on the clarity of the proposed rules and how they can be made easier to understand. All comments will be available for public inspection and copying. A public hearing will be scheduled if requested in writing by any person that timely submits written comments. If a public hearing is scheduled, notice of the date, time, and place for the public hearing will be published in the **Federal Register**.

### Drafting Information

The principal authors of these proposed regulations are Laura Fields and Steven A. Schmall, Office of the Associate

Chief Counsel (Passthroughs and Special Industries), IRS. However, other personnel from the IRS and Treasury Department participated in their development.

\* \* \* \* \*

### Proposed Amendments to the Regulations

Accordingly, 26 CFR part 1 is proposed to be amended as follows:

#### PART—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 1.704-3 is amended by:

1. Adding five sentences to paragraph (a)(1) at the end of the last sentence and revising paragraph (a)(10) to read as follows.

The revisions and additions read as follows:

#### *§1.704-3 Contributed property.*

(a) \* \* \* (1) \* \* \* The principles of this paragraph (a)(1), together with the methods described in paragraphs (b), (c) and (d) of this section, apply only to contributions of property that are otherwise respected. See §1.701-2. Accordingly, even though a partnership's allocation method may be described in the literal language of paragraphs (b), (c) or (d) of this section, based on the particular facts and circumstances, the Commissioner can recast the contribution as appropriate to avoid tax results inconsistent with the intent of subchapter K. One factor that may be considered by the Commissioner is the use of remedial allocation method by related partners in which allocations of remedial items of income, gain, loss or deduction are made to one partner and the allocations of offsetting remedial items are made to a related partner. The preceding four sentences are effective for taxable years beginning after the date of publication of the Treasury decision adopting these rules as final regulation in the **Federal Register**.

\* \* \* \* \*

(10) *Anti-abuse rule—(i) In general.* An allocation method (or combination of methods) is not reasonable if the contribution of property (or event that results in reverse section 704(c) allocations) and the corresponding allocation of tax items

with respect to the property are made with a view to shifting the tax consequences of built-in gain or loss among the partners in a manner that substantially reduces the present value of the partners' aggregate tax liability. For purposes of this paragraph (a)(10), the tax effect of an allocation method (or combination of methods) on direct and indirect partners is considered.

(ii) *Definition of indirect partner.* An indirect partner is any direct or indirect owner of a partnership, S corporation, or controlled foreign corporation (as defined in section 957(a) or 953(c)), or direct or indirect beneficiary of a trust or estate, that is a partner in the partnership, and any consolidated group of which the partner in the partnership is a member (within the meaning of §1.1502-1(h)). An owner (whether directly or through tiers of entities) of a controlled foreign corporation is treated as an indirect partner only with respect to allocations of items of income, gain, loss, or deduction that enter into the computation of a United States shareholder's inclusion under section 951(a) with respect to the controlled foreign corporation, enter into any person's income attributable to a United States shareholder's inclusion under section 951(a) with respect to the controlled foreign corporation, or would enter into the computations described in this sentence if such items were allocated to the controlled foreign corporation.

(iii) *Effective/applicability date.* The last sentence of paragraph (a)(10)(i), and paragraph (a)(10)(ii) of this section are effective for taxable years beginning after the date of publication of the Treasury decision adopting these rules as final regulations in the **Federal Register**.

\* \* \* \* \*

Linda E. Stiff,  
*Deputy Commissioner for  
Services and Enforcement.*

(Filed by the Office of the Federal Register on May 16, 2008, 8:45 a.m., and published in the issue of the Federal Register for May 19, 2008, 73 FR. 28765)

## Partner's Distributive Share; Correction

### Announcement 2008-53

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to notice of proposed regulations.

SUMMARY: This document contains corrections to the notice of proposed regulations (REG-143397-05, 2007-41 I.R.B. 790) that was published in the Federal Register on Wednesday, August 22, 2007 (72 FR 46932) concerning the application of sections 704(c)(1)(B) and 737 to distributions of property after two partnerships engage in an assets-over merger. The proposed regulations affect partnerships and their partners.

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

SUPPLEMENTARY INFORMATION:

#### Background

The notice of proposed rulemaking (REG-143397-05) that is the subject of these corrections is under sections 704(c) and 737 of the Internal Revenue Code.

#### Need for Correction

As published, this notice of proposed rulemaking (REG-143397-05) contains errors that may prove to be misleading and are in need of clarification.

#### Correction for Publication

Accordingly, the notice of proposed rulemaking (REG-143397-05) that was the subject of FR Doc. E7-16189 is corrected as follows:

1. On page 46932, column 1, the heading, the subject "Partner's Distributive Share" is corrected to read "Rules for Contribution and Subsequent Distribution of Section 704(c) Property in Connection with Partnership Mergers".

2. On page 46932, column 3, in the preamble under the paragraph heading Background, first full paragraph in the column, line 6, the language "described in

§ 1.708-1(c)(3). Rev. Rul." is corrected to read "described in § 1.708-1(c)(3)(i). Rev. Rul.".

3. On page 46933, column 3, in the preamble under the paragraph heading "A. Assets-Over Partnership Mergers", first full paragraph in the column, line 2, the language "3(c)(4)(iii) provide that taxpayers may" is corrected to read "3(a)(9) provide that taxpayers may".

§ 1.704-3 [Corrected]

4. On page 46934, column 2, § 1.704-3(a)(9), line 6, the language "§ 1.708-1(c)(3) (the transferor" is corrected to read "§ 1.708-1(c)(3)(i) (the transferor".

§ 1.704-4 [Corrected]

5. On page 46935, column 1, § 1.704-4(c)(4), line 3 from the top of the column, the language "§ 1.708-1(c)(3) by a partnership (the" is corrected to read "§ 1.708-1(c)(3)(i) by a partnership (the".

6. On page 46935, column 2, § 1.704-4(c)(4)(ii)(B), second line from the bottom of the paragraph is corrected to read "See § 1.737-2(b)(1)(ii)(B) for a similar rule in".

7. On page 46935, column 3, § 1.704-4(c)(4)(ii)(E) is corrected by adding a sentence at the end of the paragraph to read as follows:

§ 1.704-4 Distribution of contributed property.

\* \* \* \* \*

(c) \* \* \*

(4) \* \* \*

(ii) \* \* \*

(E) \* \* \* See § 1.737-2(b)(1)(ii)(E) for a similar rule in the context of section 737.

\* \* \* \* \*

8. On page 46936, column 1, § 1.704-4(c)(4)(ii)(F), Example (2)(i), line 7 from the bottom of the paragraph, the language "fair market value of \$400x, and \$450x in" is corrected to read "fair market value of \$400x, and \$400x in".

9. On page 46936, column 1, § 1.704-4(c)(4)(ii)(F), Example (2)(i), lines 3 and 4 from the bottom of the paragraph, the language "PRS1 as follows: A, 25%; B, 25%; C, 16.67%; D, 16.67% and E, 16.67%. On January 1," is corrected to read "PRS1 as follows: A, 25.76 percent;

B, 25.76 percent; C, 16.16 percent; D, 16.16 percent; and E, 16.16 percent. On January 1,”

10. On page 46936, column 2, § 1.704-4(c)(4)(ii)(F), Example (2)(ii), first line of the column, the language “as a result of the merger. C also has \$100 of” is corrected to read “as a result of the merger. C also has \$100x of”.

11. On page 46936, column 2, § 1.704-4(c)(4)(ii)(F), Example (3)(i), lines 3 and 4 from the bottom of the paragraph, the language “loss interests in PRS1 as follows: A, 27.5%; B, 27.5%; C, 15%; D, 15% and E, 15%. On” is corrected to read “loss interests in PRS1 as follows: A, 27.5 percent; B, 27.5 percent; C, 15 percent; D, 15 percent; and E, 15 percent. On”.

12. On page 46936, column 2, § 1.704-4(c)(4)(ii)(F), Example (3)(i), last line of the paragraph, the language “when its value is still \$600.” is corrected to read “when its value is still \$600x.”

13. On page 46936, column 2, § 1.704-4(c)(4)(ii)(F), Example (3)(ii), line 8, the language “(\$600x (fair market value)—100x (adjusted)” is corrected to read “(\$600x (fair market value)—\$100x (adjusted”.

14. On page 46936, column 2, § 1.704-4(c)(4)(ii)(F), Example (3)(ii),

line 5 from the bottom of the paragraph, the language “E each succeed to \$150 of new section 704(c)” is corrected to read “E each succeed to \$150x of new section 704(c)”.

15. On page 46936, column 2, § 1.704-4 paragraph (c)(4)(ii)(F), Example (3)(ii), last line of the paragraph, the language “recognize \$150 of gain.” is corrected to read “recognize \$150x of gain.”.

16. On page 46936, column 3, § 1.704-4(c)(4)(ii)(F), Example (5)(i), line 5 from the bottom of the paragraph, the language “of the partnerships, A contributed the Asset” is corrected to read “of the partnerships, A contributed Asset”.

17. On page 46936, column 3, § 1.704-4(c)(4)(ii)(F), Example (5)(ii), last line of the paragraph, the language “distributes all of Asset X to A.” is corrected to read “distributes Asset X to A.”.

#### § 1.737-2 [Corrected]

18. On page 46937, column 1, item 2 in instructional Par. 5. is corrected, and item 3 is added to read as follows:

Par. 5. Section 1.737-2 is amended as follows:

1. \* \* \*

2. Paragraph (e) is redesignated as paragraph (f).

3. New paragraph (e) is added.

The addition and revision read as follows:

#### § 1.737-2 Exceptions and special rules.

\* \* \* \* \*

(e) Reverse section 704(c) gain. \* \* \*

19. On page 46938, column 3, § 1.737-2(b)(1)(ii)(F), Example (5)(ii), line 2 from the bottom of the paragraph, the language “liabilities. In 2006, PRS2 distributes all of” is corrected to read “liabilities. In 2006, PRS2 distributes”.

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# 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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