

Publication 1220

Specifications for Filing Forms 1098, 1099, 5498, and W-2G
Electronically.



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(and containing copies of Forms 4419, 8508,
8809, and instructions for Forms 1099, 1098,
5498, and W-2G for taxpayers' use)

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 and 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

State	Code	State	Code	State	Code
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*.