# THE *FIRE* SYSTEM

Electronic Filing of Forms

1042-S, 1098, 1099, 5498

8027, QWF and W-2G

# ADVANTAGES WHEN FILING ELECTRONICALLY

- Immediate acknowledgement file received

- File status available within 2 business days

- Reduces paperwork

- Extended test period (11/1/2003 - 2/15/2004)

- Additional 31 days to file Forms 1099, 1098 and W-2G (due date 03/31/2004) - excludes 1042-S, 8027 and QWF

2003 IRS Nationwide Tax Forum

# FROM FLAME TO *FIRE*

Tax Year 1990

233 Transmitters

**versus**

Tax Year 2001

18,000 Transmitters

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Tax Year 1990

500,000 Records

**versus**

Tax Year 2001

380,000,000 Records

# HOW TO APPLY

Complete Form 4419, Application for Filing Information Returns Electronically/Magnetically

- Complete at least 30 days before the due date of the return

- A Transmitter Control Code (TCC) will be assigned

- One TCC may be used for multiple payers

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# SYSTEM SPECIFICATIONS

- PC modem and communication software:
  - Dial up Networking / Web Browser
  - Hyperterminal, ProComm, PCAnywhere, etc.
- Modem access speeds:
  - Analog, up to 56K
  - ISDN, up to 128K
- File compression is recommended

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# AVAILABILITY OF SYSTEM

- Available 24 hours a day, 7 days a week

- Logon, password and Personal Identification Number (PIN) are user assigned

- 304-262-2400

# **THINGS TO REMEMBER**!

- Your logon, password and PIN

- You must disconnect after transmitting

- You must dial back to The *FIRE* System to determine your file status

# DO NOT SUBMIT DUPLICATE DATA

Know the difference!

- Original*

- Replacement*

- Correction*

*Definitions available on-line

# MAGNETIC MEDIA CHANGES

- Odd-size cartridges, 8mm, 4mm and QIC will no longer be acceptable media for Tax Year 2003, Calendar Year 2004

- TY2002 Magnetic Media must be postmarked no later than 12/01/2003

## OR

Must contain prior year indicator (see Pub. 1220 for instructions)

# HELPFUL PUBLICATIONS

- <u>Publication 1220</u>--Specifications for Filing Forms 1098, 1099, 5498 and W-2G Electronically or Magnetically

- <u>Publication 3609</u>--Filing Information Returns Electronically

- <u>Publication 1582</u>--Information Returns Vendor List

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# INFORMATION REPORTING PROGRAM
# CUSTOMER SERVICE SECTION

**866-455-7438**

**8:30 AM to 4:30 PM**

**Eastern Standard Time**

**Monday through Friday**

**mccirp@irs.gov**

2003 IRS Nationwide Tax Forum

# Publication 1220, Part A (excerpt)
# Sec. 2. Nature of Changes-Current Year (Tax Year *2003*)

**.01** In this publication, all pertinent changes for Tax Year *2003* are emphasized by the use of *italics*. Portions of text that require special attention are in boldface text. Filers are always encouraged to read the publication in its entirety.

**.02 Programming Changes**

**a. General**

**(1)** IRS/MCC no longer accepts 8mm, 4mm, and Quarter-Inch Cartridges (QIC).

**(2)** The state of Ohio has joined the Combined Federal/State Filing Program. Their state code is 39. See Part A, Sec. 13.

**(3)** It is recommended that **test** data be postmarked no later than December 1 in order for media to arrive by December 15 for processing.

**b. Programming Changes - Transmitter "T" Record**

**(1)** For all forms, Payment Year, Field Positions 2-5, must be incremented to update the four-digit report year *(2002 to 2003)*, unless reporting prior year data.

**(2)** The processing of **current** year data (2003) ends during December 2004. Media postmarked December 1, 2004 or later **must** have the Prior Year Data Indicator coded with a "P" in position 6 of the Transmitter "T" Record.

**(3)** A new field, Vendor Foreign Entity Indicator, in position 740 was added. Use this indicator when the Vendor is a foreign entity with a foreign address. When this indicator is used the Vendor address, city, state and ZIP fields may be free formatted to accommodate a foreign address.

**c. Programming Changes - Payer "A" Record**

**(1)** For all forms, Payment Year, Field Positions 2-5, must be incremented to update the four-digit report year *(2002 to 2003)*, unless reporting prior year data.

**(2)** The Amount Codes field was expanded to positions 28-41. Two new Amount Codes, "D" and "E" were added. Amount Code "D" is used for 1099-H and Amount Code "E" is for future use.

**(3)** A new Form 1099-CAP, Changes in Corporate and Capital Structure, was added to the list of Type of Return, Field Position 27, and was given a code of "P".

**(4)** The Amount Codes, Field Positions 28-41, for 1099-CAP are 3 (three), Cash Received, 4 (four), Federal Income Tax Withheld, 8 (eight), Fair

Market Value of Stock Received and 9 (nine), Fair Market Value of Other Property Received.

**(5)** A new Form 1099-H, Health Insurance Advance Payments, was added to the list of Type of Return, Field Position 27, and was given a code of "J".

**(6)** The Amount Codes, Field Positions 28-41, for 1099-H are 1 (one), Gross amount of health insurance advance payments, 2 (two), Amount of advance payment for January, 3 (three), Amount of advance payment for February, 4 (four), Amount of advance payment for March, 5 (five), Amount of advance payment for April, 6 (six), Amount of advance payment for May, 7 (seven), Amount of advance payment for June, 8 (eight), Amount of advance payment for July, 9 (nine), 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, and D, Amount of advance payment for December.

**(7)** A new Form 5498-ESA, Coverdell ESA Contribution Information, was added to the list of Type of Return, Field Position 27, and was given a code of "V".

**(8)** The Amount Codes, Field Positions 28-41, for 5498-ESA are 1 (one), Coverdell ESA contributions, and 2 (two), Rollover contributions.

**(9)** For Form 1098-T, Amount Codes were rewritten to correspond more closely to the paper Form 1098-T.

**d. Programming Changes - Payee "B" Record**

**(1)** For all forms, Payment Year, Field Positions 2-5, must be incremented to update the four-digit report year *(2002 to 2003)*, unless reporting prior year data.

**(2)** Payer's Account Number For Payee is now a required field. This information is critical in the correction process, especially when more than one information return is filed for a payee.

**(3)** Additional Payment Amount Fields D and E were created in Field Positions 199-210 and 211-222. This is to accommodate the thirteen Amount Codes for the new Form 1099-H and future changes.

**(4)** For Form 1099-H, Field Positions 547-548, Number of Months Eligible, was created to report total number of months of insurance advance payments for the year.

**(5)** For Form 1099-CAP, Field Positions 544-750, provide specific formatting for the following information: Second TIN Notice, Gross Proceeds Indicator, Date of Exchange, CUSIP Number, Description, Number of Shares Exchanged, Class of Stock, and Filed By Broker Indicator.

**(6)** For Form 1099-R, Distribution Code M and H were deleted from the table of acceptable distribution codes. The combination of distribution codes "2" and "L" are no longer valid. A new distribution code of "Q" ,

for early distributions from Roth IRA, was added.  Other code descriptions and combinations have changed.  **Please review all information pertaining to 1099-R Distribution Codes carefully.**

**(7)**  For Form 5498, the Coverdell ESA Indicator was deleted in Field Position 552.  This information is now reported on the new Form 5498-ESA.  A new indicator was added in position 551 for reporting required minimum distributions (RMD) from an IRA.

**(8)**  For Form 1099-Q, Type of Tuition Payment, Field Position 548, an additional indicator of 3 was added for ESA contributions.

**e.  Programming Changes – End of Payer "C" Record**

**(1)**  An additional Control Total D field, positions 232-249, was added to accommodate new Payment Amount Field D.

**(2)**  An additional Control Total E field, positions 250-267, was added to accommodate new Payment Amount Field E.

**f.  Programming Changes – State Totals "K" Record**

**(1)**  An additional Control Total D field, positions 232-249, was added to accommodate new Payment Amount Field D.

**(2)**  An additional Control Total E field, positions 250-267, was added to accommodate new Payment Amount Field E.

**.03  Editorial Changes**

**(1)**  Form 5498 was renamed IRA Contribution Information

**(2)**  Form 1098-T was renamed Tuition Statement