IRS e-file

for Business

940*e-file* Program with 940 OLF (On-Line Filing) Option

Technical Specifications Guide for the Electronic Filing of Form 940, Employer's Federal Unemployment (FUTA) Tax Return

IRS

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940e-file Technical Specifications Guide

1.0   Introduction

Under "IRS for Business Program" there are two (2) options for electronically file Form 940, Employer's Federal Unemployment (FUTA) Tax Return: 940e-file and 940 OLF (On-Line Filing), both are similar to the 941e-file filing options. There is not a 940 Telefile option at this time.
Specifications for Form 940EZ are not available at this time, but will be developed in the future. Taxpayers who currently file Form 940EZ may want to consider using an electronic filing option for filing Form 940 described in this publication.

1.1 Purpose of Guidelines

This publication provides a technical implementation guideline for the electronic filing of Forms 940, Employer's Federal Unemployment (FUTA) Tax Return, using IRS proprietary format (ASCII format and IRS record layouts). This format is required to participate in the **940e-file** Program and Form 940 On-line Filing Program (**940 OLF** Program). This publication also provides technical implementation guidelines for the proprietary electronic Letter of Application (LoA) which can be used to apply for participation or to update existing entity information.

1.2 Scope

This publication contains the required data record layouts and communication protocols needed to file 940 returns electronically through the Internal Revenue Service's Electronic Management System (EMS), and is provided for use by Software Developers, Reporting Agents, and Transmitters of the electronic 940 returns.
An Electronic Filer in the **940e-file** Program or **940 OLF** Program must use asynchronous communications protocols to transmit electronic returns. See Section 4.0 for further information regarding communications and formatting requirements.
This publication also contains an electronic proprietary LOA format for On-Line Filers in order to participate in the **940 *on-line*** Program.

1.3 Program Description and Requirements

EMS is the IRS Front-end processing system used for processing Forms 940 electronically via the Business Electronic Filing Program. **940e-file *is*** intended for use by Reporting Agents and **940 OLF** is intended for filers (Businesses) submitting returns through a third party (Transmitters).

The **940e-file** Program requires a paper submission of a LoA for all participants.
The 940 **OLF** Program allows approved transmitters to use an electronic proprietary format for filing the LoA electronically for their clients.

Reporting Agents using the **940e-file** Program must retrieve all of their existing Acknowledgment Files before they are allowed to transmit additional Forms 940 electronically. Transmitters using the **940 OLF** Program must retrieve all of their Acknowledgement Files before they allow to transmit additional LoAs or Form 940 returns.

940e-file Program

The **940e-file** Program is intended for use by **Reporting Agents** that comply with Rev. Proc. 96-17, 1996-1 C.B. 633, and rules and regulations set up by IRS for the electronic filing program, who file Forms 940 on behalf of their clients. The Reporting Agent may be an accounting service, franchiser, bank, or other person who is authorized to prepare and electronically file Form 940, Employer's Federal Unemployment (FUTA) Tax Return, using the **940e-file** Program. The taxpayer grants the Reporting Agent signature authority.

Reporting Agents apply for participation in the Business Electronic Filing Program by filing a paper LoA. Detailed information regarding the application process can be found in Section 1.4 below.

The 940 **OLF** Program is intended to be used by the following:
Businesses that file one or more Forms 940 for themselves through a (transmitter) third party. These businesses may use COTS computer software to electronically enroll in the Program by filing an electronic LoA through a designated Transmitter.
Information regarding the electronic LoA can be found in Section 1.4 below. After receipt and verification of the LoA by the Service, the Business Taxpayer is provided (via U.S. mail) a Personal Identification Number (PIN) which is his/her electronic signature for the electronic Form 940.

Transmitters who develop or utilize Commercial-Off-The-Shelf (COTS) software to receive and electronically file Forms 940 and electronic LoAs for their clients.
The Transmitter does not have signature authority, but will batch and bundle the files and transmit to the IRS. Within two business days after submitting the electronic LoA, Transmitters will retrieve an Acknowledgment File that verifies the submission of the LoA. The Acknowledgment File also verifies for the Transmitter how many LoAs were submitted, how many were accepted and how many (if any) were rejected. The Transmitter acts as the intermediary through which acknowledgments and rejections are transmitted from the Service to the Business Taxpayer.

Software Developers may participate in the **940e-file** Program and the **940 OLF** Program for the purpose of testing their software, prior to marketing and distribution. Software Developers may also serve as Transmitters for their clients.

1.4   Application Procedures

1.4.1 Paper Applications

Prospective participants in the **940e-file** Program must first submit a LoA. Reporting Agents and Software Developers must file their LoA on paper to the address shown in Section 1.7 below. Business Taxpayers applying for participation in the **940 OLF** program should file their LoA electronically following the procedures established by their selected transmitter.

All Applications must contain the following:

- The name, address, and Employer Identification Number (EIN) of the Applicant,
- The name, title, and telephone number of the person to contact regarding the Application,
- The first tax period for which the Applicant plans to file Forms 940 electronically or To have Form 940 software available to the public,
- A statement that the Applicant will comply with the responsibilities of an Electronic Filer, as defined by the rules and regulations set up by IRS for the Electronic filing program
  Note: Rev. Proc. For **940e-file** and **940 OLF** Programs is in review process.
- A listing of any suspension from any of the Service's magnetic tape or electronic Filing programs

Application for a Reporting Agent must also contain the following:

- The name and title of the Authorized Signatory
- The signature of the Applicant 's Authorized Signatory for electronically filing Forms 940 or for software development testing.
- The estimated volume of returns the Applicant plans to file under the **940e-file** Program
- A statement that Applicants will keep a copy of all Authorizations on file at their principal place of business for examination by the Service upon request
- A statement that the Applicant will comply with the rules and regulations set up by IRS for the electronic filing program, regarding the types of returns accepted under the 940e-file Program.
  Note: Rev. Proc. For **940e-file** and **940 OLF** Programs is in review process.
- An Agent 's List containing the names and EINs of the taxpayers for whom they will file returns
- An authorization made on Form 8655, with a revision date of October 1995 or later (or its equivalent), for each taxpayer included on the Agent's List. For instructions on preparing Form 8655, see Rev. Proc. 96-17.

NOTE: A revised Authorization is not required to replace an Authorization that was previously submitted to the Service, provided that the Authorization places no restriction on the medium for filing Form 940, and the Reporting Agent :

1. Advises his or her clients that their Forms 940 may be filed electronically, and provides the clients with the option of rejecting electronic filing as the medium for filing its Forms 940. An Agent may use the most efficient and timely method of clearly providing this notification to a client. A client's rejection of electronic filing for its Forms 940 must be submitted in writing to the Agent.

2. Immediately removes any client that objects to having the Form 940 filed Electronically from the Reporting Agent's electronic filing client base.

An Application of a Software Developer should also contain the following:

- The brand name of the software package, or the development name if no brand name exists.
- Whether the software is stand-alone or interfaces with a named payroll package.

See Exhibits at the end of this publication for sample LoAs.

Applications must be received by October 15 of the year preceding the due date of the return in order to participate in the program.

NOTE: An Application **may not** include a request to file Forms 940 or 941 on magnetic tape or to make FTD payments and submit FTD information to the Service on magnetic tape or electronically. An Applicant interested in participating in these programs should submit an Application in accordance with the following revenue procedures:

96-18 Requirements for the Magnetic Tape reporting of Form 940, Employer's Federal Unemployment Tax Return, and 941 Employer's Quarterly Federal Tax Returns

97-33 Electronic Transmission of FTD 's

If an Applicant is denied acceptance into the **940e-file** or **940 OLF** Program, the Applicant may reapply for a subsequent tax year by resubmitting a LoA and test file.

If the applicant fails to submit a successful test file, and it has been more than one year since receiving approval to submit test files, the applicant will be notified in writing, and must submit a new application.

1.4.2 Electronic Applications

Business Taxpayers applying for participation in the **940 OLF** Program should file an electronic LoA through their Transmitter. The formats and field specifications for the Electronic LoA are provided in Section 8 of this publication.

1.5 Application Processing – Acceptance

All applicants will be notified of their acceptance or rejection into the **940e-file** or **940 OLF** Program within 45 days of the receipt of their application. Along with their acceptance, applicants will also receive the identification items as follows:

>   If the Applicant is a Reporting Agent, the Applicant will receive a Validated Agent's List within 45 days of the Service receiving the Agent's Application.
>   Failure to use the names and EINs provided on the Validated Agent 's List may delay processing.

>   Reporting Agents, Transmitters, and Software Developers will be provided with a telephone number in order to arrange for a test transmission. In order to electronically file tax returns, a successful test transmission must be completed prior to the due date of the return. Test file due date is January 10 of year the return is filed. To transmit subsequent test files, contact the **940e-file** Help Desk or the **940 OLF** as applicable. Transmission of a test file does not constitute the filing of a tax return.

If an Applicant's test file fails to meet the evaluation criteria, the Applicant must, within 15 days of the Service's notification of the failure, transmit a new test file or contact the Help Desk to make other arrangements.

After acceptance of a successful test transmission, permanent identification codes will be issued. A statement of receipt must be returned before these codes will be activated for use. *An applicant who fails to return a signed receipt for an identification item referenced above will be denied access to the system.*
NOTE: Acceptance of a Software Developer establishes only that the test Transmission was formatted properly and could be processed by the Service.   It is not an endorsement of the software or of the quality of the developer's service. A Software Developer is not entitled to electronically file Forms 940 unless a separate application has been submitted and approved.

ADDING AND DELETING TAXPAYERS ON THE REPORTING AGENT'S LIST

After a Reporting Agent is notified that the application for electronic filing of Forms 940 has been approved, the Agent may want to add and delete taxpayers from the Agent's List. To add taxpayers, the Agent must submit the added names and EINs (Add List) and Authorization for each taxpayer added to the **940e-file** Program. The Service must validate the Add List and return it to the Agent before the Agent can electronically file returns for these taxpayers. The Service will generally validate and mail the Add List to the Agent within 10 business days of receiving the Add List.

To delete taxpayers, the Agent must submit a list of those taxpayers to be deleted (Delete List) and, if known, a short statement indicating which taxpayers will not remain in business.

1.6 Application Processing – Rejection

An application may be rejected for any of the following reasons:
Required information not included on application
Required attachments missing from application
Improperly formatted test transmission
Previous Suspension from the Electronic Filing Program
Use of an invalid or inactive EIN
Failure to submit a successful test transmission within one year of the issuance of the test identification codes.

1.7 Organization Contacts

For the **940 OLF** Program: for LoAs (paper or electronic) and 940 OLF Processing
Internal Revenue Service Center
P.O. Box 1231
Austin, TX 78767
ATTN: AUSC Help Desk; Stop 6380
(512) 460-8900

For the **940e-file** Program (with the exception of LoAs):
Memphis Electronic Filing Help Desk
P. O. Box 30309 AMF
Memphis, TN 38130
ATTN: ELF Unit Stop 26
(901) 546-2690 Ext. 7519

2.0 Business Issues
All participants (Reporting Agents, Transmitters, Software Developers, and
Business Taxpayers) in the **940e-file** and **940 OLF** Programs must be approved by the IRS.
Utilization of the correctly assigned Access Code, PIN, and User ID/Password is
required for entry into the system and for the transmission of tax return information.

If an electronic LoA fails the IRS record format check or data compliance check, it will be
rejected individually. A notice to that effect will be returned in the Acknowledgement file for
the transmitter.

2.1 Security
Entry into the IRS telecommunications subsystem, the Electronic Management
System (EMS) requires a PIN, Userid/Password or Access Code as applicable.
A PIN, which is the Electronic Signature for the Business Taxpayer and the
Reporting Agent, is required for approval of returns when they are transmitted to
the IRS.

The Userid/Password, Access Code and/or PIN are provided after an applicant
has been accepted into the **940e-file** Program or the **940 OLF** Program.

2.2 Responsibilities of an Electronic Filer
The Electronic Filer that is a Reporting Agent must retain the following material for 4 years
after the due date of the return, unless otherwise notified by the Service:

(1) a complete copy of the electronically filed Form 940;
(2) a copy of the Service's acknowledgment of receipt of the return;
(3) a copy of each Authorization.

An Electronic Filer that is an Agent or Transmitter must:

(1) Provide the taxpayer a copy of the taxpayer's electronically filed Form 940
(this information may be provided on a replica of an official form or in any other format that
provides all of the return information and references the line numbers of the official form);
 (2) Advise the taxpayer to retain a copy of the return and any supporting

material;

 (3) Provide the taxpayer, upon request, with the date the return was transmitted to the Service and the date the Service acknowledged receipt of the taxpayer's return.

2.2 Legal and Administrative Guidelines

Participants must adhere to all the rules and regulations set up by IRS for the electronic filing program.
Note: Rev. Proc. For **940e-file** and **940 OLF** Programs is in review process. This Revenue Procedure provides legal and administrative guidelines for participation in the **940e-file** Program and the **940 OLF** Program.

2.4 Related Documents

Rev. Proc. 96-18, 1996-1 C.B. 637 (Publication 1912) contains guidelines for
filing returns on magnetic tape.
The technical specifications for magnetic tape filing can be found in Publication
1314 Form 940 Employer's Federal Unemployment Tax Return (FUTA), File Specifications, Processing Criteria and Record Layouts for Magnetic Tape Filing.
Reporting Agents' Instructions for the preparation and submitting of Form 8655 are found in Rev. Proc. 96-17, dated January 22, 1996, titled "Instructions for Preparing and
Submitting Form 8655, Reporting Agent Authorization for Magnetic Tape/Electronic Filers."

Copies of these forms and publications are available by calling
1-800-TAX-FORM (1-800-829-3676).

3.0 Environments
The IRS allows the filing of Forms 940 on paper, magnetic media or electronically. Magnetic media tape filing uses a proprietary IRS format.

3.1 Description of the Electronic filing of Form 940 Returns
Reporting Agents, Transmitters, and Software Developers use a paper LoA to obtain an Electronic Transmitter Identification Number (ETIN) from the IRS. In addition to the ETIN, Reporting Agents receive a PIN from the IRS, while Transmitters and Software Developers are assigned a unique Access Code.

A Personal Identification Number (PIN) will be assigned by the IRS to each Reporting Agent and Business Taxpayer. The Reporting Agent must enter the PIN prior to the transmission session to electronically "sign" the returns being submitted. Business Taxpayers sign the return, using the PIN issued by the IRS, prior to sending their return to the Transmitter. The PIN serves as the electronic signature for the **940e-file** Program and **940 OLF** Program.

These unique identifiers are mailed to the requestor via U.S. mail and are to be used in future transmissions to the IRS. Using developed software and a Transmitter, Business Taxpayers electronically file a LoA via a Transmitter. After approval, the IRS mails to the taxpayer a unique PIN that will later be used to electronically sign submitted returns.

A Reporting Agent/Transmitter sends electronic 940 filing interchanges to the IRS. If there are no errors during the communications session, a **940** IRS Acceptance Acknowledgment Interchange is created. If errors occur during the communications session, then an IRS **940** EMS Interchange Rejection is created.

3.2 Submitting Test Files

Test files must meet telecommunications specification standards and pass IRS data and format requirements. A prospective Electronic Filer must transmit an initial test electronic transmission of Forms 940 (" test file") by the test file due date. The test due date is January 10 of year when return is filed.

Subsequent test files may be transmitted at any time except during months when returns are filed, unless an exception is granted by the respective *e-file* Help Desk. Transmission of a test file does not constitute the filing of a tax return.

4.0 Telecommunications

The **940e-file** Program and the **940 OLF** Program use a variety of telecommunications protocols and capabilities. Reporting Agents and Transmitters should contact the respective Help Desk (Section 1.7) when preparing to participate in the program. Help Desk personnel will assist Agents and Transmitters in determining the optimal configuration for the Agent 's/Transmitter's particular situation.
Electronic Filers may send as many Forms 940 within a transmission file with the maximum number of Forms 940 limited to 35,000 per interchange.

4.1 Modems

The Internal Revenue Service supports a variety of modems and data transfer speeds. Reporting Agents and Transmitters should contact their respective *e-file* Help Desk (Section 1.7) when preparing to participate in the **940e-file** and **940 OLF** Programs to ensure compatibility. Electronic Filers may use any Hayes compatible modem.

4.2 Protocols and Data Transfer Rates

Periodically, as system needs dictate, the IRS expands its support of the number and variety of protocols and transfer speeds supported. Reporting Agents and Transmitters should contact their respective *e-file* Help Desk (Section 1.7) when preparing to participate in the **940** Program to determine the latest IRS capabilities.

4.3 Data Compression

The IRS does not require data compression. GZIP software or standard UNIX Compression may be used to compress Form 940 transmissions being sent
electronically. GZIP is a shareware package available on the Internet . If compression is to be used, specify this during your initial contact with the respective *e-file* Help Desk. This specification, however, can be changed during any transmission. Using data compression will significantly reduce the size of the file to be transmitted and thereby reduce the time and cost of transmitting the file.

4.4 Communications Program

The IRS does not require a specific data communications software package.
The communication software being used should be identified during any transmission session with the **940e-file** Program or **940 OLF** Program. This allows the **940e-file** Program and the **940 OLF** Program software to make adjustments to accommodate the specified software.
Contact the respective *e-file* Help Desk with any specific questions.

5.0 Glossary

Alphanumeric: (A/N) - Pertains to the format value of specific fields included in the record layout. Alphanumeric format includes A-Z, 0-9, and certain special characters where specified.

ASCII: American Standard Code for Information Interchange.

B: Denotes a blank position.

BMF: Business Master File; an IRS file that contains information related to all businesses known to the IRS.

Business Electronic Filing Program: The group of programs runs on the EMS which allows for the filing of all of the electronic business returns.

EIN: Employer Identification Number, the business counterpart to an individual's Social Security Number.

EMS: Electronic Management System; a component of the IRS's information systems infrastructure which receives, and acknowledges electronically filed tax returns in Austin, Texas and Memphis, Tennessee.

FTD: Federal Tax Deposit.

FTP: File Transfer Protocol; a widespread standard available on many hardware platforms for transporting files between computer systems across a network, which connects those systems.

FUTA: Federal Unemployment Tax Act.

IRS Agent: A partner with the IRS who accepts tax returns for the IRS.

IRS Financial Agent: A partner of the IRS and the Financial Management System in processing a variety of federal tax payments. Not an authorized signer of tax returns.

Letter of Application (LoA): The LoA is the vehicle used by a Trading Partner to obtain an EMS login/password combination to access the EMS; also used by Reporting Agents

And Business Taxpayers to obtain a PIN to use as an electronic "signature" for electronically filed Forms 940. Reporting Agents also use the LoA to supply the IRS with both a Reporting Agent's list identifying all taxpayers for whom the Agent will file Forms 940 electronically and a Form 8655 for each taxpayer. The LoA may be electronic or on paper.

On-Line Filing (OLF): On-Line Filing, the term used to denote the process whereby individual businesses prepare and sign Form 940 Employer's Federal Unemployment (FUTA) Tax Return or Form 941 quarterly tax returns and send them to the IRS through a third-party transmitter.

PIN: A unique confidential Personal Identification Number assigned to each Reporting Agent and Business Taxpayer by the IRS. The PIN is issued to the individual with signature authority for the returns being transmitted to the IRS.

POA: Power of Attorney.

RAA: Reporting Agent Authorization.

Record: A group of related fields of information, treated as a unit.

Reporting Agent: An Agent authorized to prepare and file Forms 940/941 for a client.

Reporting Agent's List: A list of taxpayers to be added to or deleted from the e- Filing System.

Software Developer: Develops tax form preparation software. The IRS informally grants Software Developers permission to act as an electronic Filer and/or Transmitter whose interchange transmission indicates "Test " mode.

Special Character: Any character that is not a numeral, letter or blank.

Taxpayer: A filer of business tax returns who is required to file (e.g., Form 940, Form 941).

Test Mode: The initial mode for all Reporting Agents and Transmitters and the permanent mode for all Software Developers. Reporting Agents and Transmitters remain in this mode until they have completed their tests and have been authorized to file tax returns using the **940e-file** Program or the **940 OLF** Program.

Taxpayer: Person liable for the payment of tax. The taxpayer will be held responsible for the completeness, accuracy and timely submission of tax record.

Transmitter: A service provider, who collects Forms 940 and LoAs from Business Taxpayers so that they may be reformatted, accumulated (batched) and forwarded to the IRS. Transmitters do not have signature authority for those taxpayers which they service.

Userid/Password: The entry codes used to sign on to the **940** system.
The Userid identifies the owner of the password. The password is confidential.

6.0 Data Formats

All IRS Proprietary Form 940 Return files must be in ASCII Format.
All numeric data should be in unsigned ASCII characters (no binary data). There are no fields that require signs. All fields must have either numeric or alphabetic characters with the exception of the special characters which are allowed in the Name Line and Street Address Fields of Agent "A" Record and Tax Data "B" Record. Special characters must be limited to hyphen (-), slash (/), and ampersand (&).
All Money Fields should include two decimal positions on the right.
The First Record on each IRS Proprietary 940e-file transmission file must be the Agent Record (A Record) which contains Reporting Agent information.

A checkpoint Total "C" Record must be written after each 100 or fewer Tax Data "B1" Records.
Each Record (A, B1, B2, B3, C, and E) must be ended with a Line Feed Character (Hex 0A) creating a record 721 bytes long.

6.1 Agent "A" Record General Information.

Description: The Agent "A" Record identifies the Reporting Agent who prepares and transmits the file. See Record Layout for complete field descriptions and character positions.

(1) Only Form 940 data may be present.

(2) Only one Agent "A" Record can be present on each file.

(3) The Agent "A" Record must be the first record of the file and precede the first Tax Data "B" record.

(4) Special characters may only be used in the name and street address fields.

(5) The record length must be 720 characters plus terminating linefeed to make it 721 bytes long.

(6) Errors in the data or structure of the "A" record could prevent normal processing of the file.

6.2 FORM 940 AGENT "A" RECORD LAYOUT

The "A" Record identifies the Reporting Agent, the tax year and the type of return being filed, and this record must be the first record reported on the file. It precedes the first Tax Data "B" Record reported. Special characters may only be used in the name line and street address fields and must be limited to those characters listed in Section 6.0 of this document.

Element Number	Length	Element Name	Entry or Definition
1	1	Record Type	Must Enter "A". First character of "A" Record.

2	4	Reserved	Zero fill.
3	9	EIN - Reporting Agent	Required. Must be 9 numeric characters. Do not include the hyphen.
4	3	Type of Return	Enter "940". Only Form 940 returns allowed.
5	9	Reserved	Zero fill.
6	40	Name Line 1 - Agent	Enter first name line of reporting agent. Left justify and fill unused positions with blanks. (40 positions)
7	40	Name Line 2 - Agent	Enter the second name line of Reporting Agent. Left justify and fill unused positions with blanks. If not required, blank fill. (40 positions)
8	40	Street Address - Agent	Enter street address of reporting agent and blank unused positions. Street address must include number, street and apartment or suite number (or P.O. Box number if mail is not delivered to street address). Fill with blanks if street address not required. (40 positions)
9	20	City - Agent	Enter city, town or post office of reporting agent. Left justify and fill remaining unused positions with blanks. (20 positions)
10	2	State Code - Agent	Enter official post office two position state code. See State Abbreviations. (2 positions)
11	9	Zip Code - Agent	Enter zip code of Reporting Agent. If not using extended zip code, left justify and blank fill remaining 4 positions. (9 positions)
12	4	Tax Year	The 4 digit calendar year for which the Reporting Agent is filing (for example, 1998, 1999, 2000, 2001, etc.). Must be for current year.
13	10	ETR-Job-Number	Zero Fill. For IRS use.
14	1	Test-Prod-Indicator	Enter "T" for test, or "P" for production (live data).
15	1	Input-Source-Indicator	"E"
16	527	Reserved	Enter Blanks
17	1	Linefeed	

6.3 Form 940 Tax Data "B" Records General Information.

Description: Tax Data "B" Records ("B1", "B2", and "B3") contain tax information for each filer reported by the Reporting Agent.

I. General Guidelines and Information.

1) Only Form 940 data may be present.

2) There must be a "B1" record associated with each tax return (EIN).

3) "B2" and "B3" records when required as specified in this document must follow a "B1" record. If there are both "B2" and "B3" records all "B3" records must follow "B2" records.

4) Special characters may only be used in the name and street address fields.

5) All data must be for the current tax period.

6) All money amount fields must contain dollars and cents. Money fields are right justified with zero filling to the left. All unused amount fields must be zero filled.

7) Fields identified as indicators must always carry a value.

8) The record length for each and every "B" record is 720 characters plus a terminating linefeed to make it 721 bytes long.

9) Errors in the data or structure of the "B" record could prevent normal processing of the file.

II. Form 940 Filing Indicator.

1) This required field (Element 13 of the "B1" Record) is used to determine how a taxpayer completes Form 940. The filing indicator determines what fields are required on the "B1" record and also whether a "B3" record is needed. It has no bearing on "B2" Records. Valid entries are "0", "1", "2", and "3".

See Record Layout for detailed explanation of usage.

2) If the Form 940 Filing indicator is equal to zero ("0"):

  -   Only a "B1" Record is required,

  -   The state contributions field (Element 15 of the "B1" record) must contain an amount,

  -   Element 54-73 (used to compute tentative credit) must be blank or zero filled as appropriate,

  -   No "B3" Record may be filed for the taxpayer.

3) If the Form 940 Filing Indicator is equal to one ("1"):

  -   Only a "B1" Record is required,

  -   The state contributions field (Element 15 of the "B1" record) must be zero filled,

- Elements 54-73 of the "B1" record (used to compute tentative credit) must be blank or zero filled as appropriate,

- No "B3" Record may be filed for the taxpayer.

4) If the Form 940 Filing Indicator is equal to two ("2"):

- At least one "B3" record as well as a "B1" Record is required,

- The state contributions field (Element 15 of the "B1" record) must contain an amount. This amount must equal the total contributions paid to all state unemployment funds (reported as "Contributions Actually Paid to State" in the "B1" and "B3" Records),

- Tax information for the first state reported must be entered in the following "B1" Record fields: State Code Employees (Element 14 of the "B1" record), State Reporting Number (Element 16 of the "B1" record), and Element 54-73,

- Elements 17-19 of the "B1" Record (second, third and fourth State Reporting Number fields) must be blank filled,

- The "B3" Record is used to report additional tax information for the remaining states.

    See Record Layout for complete descriptions and usage.

5) If the Form 940 Filing Indicator is equal to three ("3"):

- A "B1" Record is required,
-
- The state contributions field (Element 15 of the "B1" record) must contain an amount. This amount must equal the total contributions paid to all state unemployment funds (reported as "Contributions Actually Paid to State" in the "B1" and any "B3" Records),

- Elements 17-19 of the "B1" Record (second, third and fourth State Reporting Number fields) must be blank filled,

- Elements 54-73 of the "B1" record (used to compute tentative credit) must contain some data,

- A "B3" Record would be required if the taxpayer has been assigned more than one state reporting number by the state.

    See Record Layout for complete descriptions and usage.

III. Exemption Codes and Amounts and "B2" Record Requirements.

1) Exemption codes were established to give taxpayers the capability to claim FUTA exemptions through the e-filing system. These codes are updated periodically to reflect changes in the law; however, this document does not establish authority for exemptions under FUTA. If an exemption that is listed in this Section is not in effect for the tax year reported, the exemption code will not be

accepted. Refer to Circular E, Publication 15, for details regarding exemptions under FUTA. As explained below Exemption Codes and correlating Amounts can be reported on both the "B1" and "B2" records. See Section 7.2 of this document for a complete list of exemption codes and their meanings.

2) Use Elements 33-52 (Exemption Codes and Amounts) of the "B1" record to report the first 10 combinations of a two position exemption code and an 11 position dollar and cents amount of wages exempted.

3) Use the "B2" record to continue reporting Exemption Codes and Amounts. Up to four (4) Agent "B2" records may follow a "B1" record.

See Record Layout for detailed field descriptions and usage.

IV. Tentative Credit and "B3" Record Requirements.

1) If the taxpayer has indicated that tentative credit must be computed and state contribution payments must be made to more than one state (Form 940 Filing Indicator = 2) then at least one "B3" record must be present. See Form 940 Filing Indicator explanations and Record Layouts for further instructions.

2) If the taxpayer has indicated that tentative credit must be computed and state contribution payments are being made to only state and the state has assigned the taxpayer more than one state reporting number (Form 940 Filing Indicator = 3) then one "B3" record must be present. See Form 940 Filing Indicator explanations and Record Layouts for further instructions.

3) The "B3" Record. See Record Layout for detailed field descriptions and usage; however if a "B3" is present:

- Elements 1-4 and Elements 5-12 of the "B3" record (first state data group) must contain data.

- Will accommodate up to four additional states data groups each which
  Is comprised of a State Code, Credit Reduction Wages (when
  applicable), a State Reporting Number, and the experience group which
  itself can occur up to 4 times within the parent group. This
  experience rate group is comprised of Taxable Payroll, Date
  experience rate took effect, Date experience rate was changed, State
  experience rate, and Contributions actually paid to State.

- Only thirteen "B3" Records may be present; regardless of the number of states reported for a taxpayer.

- The first "B3" Record used must follow the "B2" Records (if any are present).

6.4 FORM 940 TAX DATA "B1" RECORD LAYOUT

General Information:
- "B1" Record is required for each taxpayer. Only one "B1" Record is allowed for a taxpayer. It must be the first Tax Data "B" Record reported for the taxpayer.

- Money amount fields must be right justified with unused positions zero filled.

- Special characters may only be used in the name line and street address fields and must be limited to those characters listed in Section 6.0 of this document.

Element Number	Length	Element Name	Entry or Definition
1	1	Record Type	"B" must be first character of each "B1" record.
2	1	Record Subtype	"1" must be second character of each "B1" Record.
3	35	1st Name Line - Employer	First name line of the taxpayer. The first five positions cannot be all blank. Left justify and fill unused positions with blanks. (35 positions)
4	35	2nd Name Line - Employer	Second name line of the taxpayer. If a continuation of the first name line, left justify and fill remaining unused positions with blanks. If not required, blank fill. (35 positions)
5	4	Name Control	Enter the alpha/numeric name control as furnished by the Service. (4 positions)
6	35	Street Address - Employer	Enter the street address of the employer. The first position must be a character. No more than one blank position may be used between characters. Street address must include number, street and apartment or suite number (or P.O. Box number if mail is not delivered to street address). Left justify and blank fill remaining unused positions. (35 positions)
7	20	City - Employer	Enter the city, town or post office in which the taxpayer is located. The first position must be a character. No more than one blank position may be used between characters. Left justify and fill remaining unused positions with blanks. (20 positions)
8	2	St Code - Employer	Enter the official post office two character state code. See Section 7.1, State Abbreviations. (2 positions)
9	9	Zip Code - Employer	Enter the zip code of the taxpayer. If an expanded zip code is not used, left justify and blank fill the four unused positions. (9 positions)
10	9	EIN - Employer	Enter the taxpayer's EIN. Do not include the hyphen. (9 positions)
11	1	Add Change Indicator	Entry required. Enter "1" if the taxpayer has requested a change of address and the taxpayer's new address has been given in elements 6-9 of this record. Otherwise, enter zero.
12	1	Final Return Indicator	Entry required. Enter "1" if this is a final return. Otherwise, enter zero.

Element Number	Length	Element Name	Entry or Definition
13	1	Form 940 Filing Indicator	A one character numeric field used to describe the method in which a taxpayer files Form 940.

You must enter:

"0" If the taxpayer has paid all required state contributions and an amount is present. The taxpayer is required to make contributions payments to only one state. None of the wages subject to FUTA tax is exempt from state unemployment tax.

"1" If the taxpayer has met the requirement to pay all state contributions because the taxpayer was granted a zero percent experience rate by the state. The taxpayer is required to make contributions payments to only one state. None of the wages subject to FUTA tax is exempt from state unemployment tax.
      or
If a taxpayer is required to pay contributions to only one state and no state contributions were made on a return with no FUTA taxable wages, use Form 940 Filing Indicator "1".

"2" If the taxpayer must compute tentative credit because the taxpayer is required to make state contribution payments to more than one state, and all required state contributions have been paid.

"3" If the taxpayer must compute tentative credit because all or part of wages subjects to FUTA tax is exempt from state unemployment tax. The taxpayer is required to make payments to only one state, and the requirement to pay all state contributions has been met.

NOTE: If a taxpayer does not meet all conditions for any one of the Form 940 Filing Indicators outlined above, a paper return must be filed.

Element Number	Length	Element Name	Entry or Definition
14	2	State Code-Employees	Enter a state code. Usually same as positions element 8. Would differ if official business address is in different state than operations of business of the first state reported. See State Abbreviations. (2 positions)
15	13	State Contributions	Required unless Filing Indicator is a "1", then must be zero filled. The amount paid by the taxpayer to all state unemployment funds. (13 positions)

NOTE: State Reporting Numbers instructions: Elements 16-19.

a) The first state reporting number that is reported for the taxpayer must be entered in element 16 of this record.

b) Any and all additional state reporting numbers for taxpayers who use filing indicator "0" or "1" (element 13) must consecutively follow in elements 17, 18 and 19 (as needed). Blank fill unneeded positions.

c) Any and all additional state reporting numbers for taxpayers who must compute tentative credit; that is filing indicator is "2" or "3" (element 13) must be reported on the "B3" record. Elements 17-19 must be blank.
Reminder: If a taxpayer has been assigned more than four state reporting numbers by a state, a paper return must be filed.

Element Number	Length	Element Name	Entry or Definition
16	15	1st-ST-Reporting-No	Enter the state reporting number assigned to the by the state unemployment agency. Do not include hyphens or other special characters. Left justify and blank fill remaining unused positions as necessary. (15 positions)
17	15	2nd-ST-Reporting-No	Enter as needed per above instructions. (15 positions)
18	15	3rd-ST-Reporting-No	Enter as needed per above instructions. (15 positions)
19	15	4th-ST-Reporting-No	Enter as needed per above instructions. (15 positions)
20	15	Total Payments	Required. Enter the amount of total payments and include exempt payments made during the calendar year for services of employees. (15 positions)
21	13	Payments in Excess	The maximum taxable wages for employee varies with year. Enter only the amount that is over the first maximum wage amount paid to individual employees. Do not include exemption amounts. Do not use the state wage limitation. (13 positions)
22	11	Total FUTA Tax	Total FUTA Tax required. If filing indicator "0" or "1" is used enter Total Gross FUTA Tax plus Credit Reduction amount less the Maximum Credit. If filing indicator "2" or "3" is used, enter Total Gross FUTA Tax plus Credit Reduction amount less the smaller of Total Tentative Credit or Maximum Credit. (11 positions)
23	14	Total Taxes Deposit	Required. FTDs for the tax year plus deposited overpayment from overpayment from previous year (if the taxpayer elected to apply the previous year's overpayment to this tax year). (14 positions)
24	11	Overpaid from Previous year	Amount required only if the taxpayer made an election last year to have overpayment applied to the next return. Right justify and zero fill remaining unused positions. Enter zeros if no amount. (11 positions)
25	14	Balance due amount	Right justify and zero fill remaining unused positions. Enter zeros if no amount.

Element Number	Length	Element Name	Entry or Definition
26	14	Excess/Credit	Amount required if the total taxes deposited plus transfer of overpayment from previous year exceeds Total FUTA Tax. Right justify and zero fill remaining unused positions. Zero fill if no amount. (14 positions).
27	1	Credit Elect Indicator	Entry Required. Enter zero if Excess/Credit is to be applied to next return. Enter "1" if Excess/Credit is to be refunded or if amount is zero.
28	15	Total Taxes Deposited for this year	Required. Tax deposits made for the tax year. (15 positions.

Note: Elements 29-32 of this record report the quarterly accrual of the federal tax liability for unemployment tax. Amounts must be entered in these fields if Total FUTA Tax exceeds $100.00.

Element Number	Length	Element Name	Entry or Definition
29	14	FUTA Tax Liability For First Quarter	First quarter federal tax liability for unemployment tax. (14 positions).
30	14	FUTA Tax Liability For Second Quarter	Second quarter federal tax liability for unemployment tax. (14 positions).
31	14	FUTA Tax Liability For Third Quarter	Third quarter federal tax liability for unemployment tax. (14 positions).
32	14	FUTA Tax Liability For Fourth Quarter	Fourth quarter federal tax liability for unemployment tax. (14 positions).

Note: Elements 33-52 contain ten combinations of a two position exemption code and 11 position dollar and cents amount of wages exempted. The exemption codes to be used are described in Section 7.2, Exemption Codes of this document. Exemption amount fields must be right justified with zeroes in any remaining unused positions. All unused exemption code fields must be blank filled. All unused exemption amount fields must be zero filled. If entries are to be made, begin in elements 33-34 and proceed as necessary. If more than 10 Exemptions and Amounts needed use "B2" record.

Element Number	Length	Element Name	Entry or Definition
33	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
34	11	Exemption Amount	Enter the amount of the exemption for element 33 Enter zeros if the corresponding exemption code field is blank.
35	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
36	11	Exemption Amount	Enter the amount of the exemption for element 35 Enter zeros if the corresponding exemption code field is blank.

Element Number	Length	Element Name	Entry or Definition
37	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
38	11	Exemption Amount	Enter the amount of the exemption for element 37 Enter zeros if the corresponding exemption code field is blank.
39	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
40	11	Exemption Amount	Enter the amount of the exemption for element 39 Enter zeros if the corresponding exemption code field is blank.
41	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
42	11	Exemption Amount	Enter the amount of the exemption for element 41 Enter zeros if the corresponding exemption code field is blank.
43	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
44	11	Exemption Amount	Enter the amount of the exemption for element 43 Enter zeros if the corresponding exemption code field is blank.
45	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
46	11	Exemption Amount	Enter the amount of the exemption for element 45 Enter zeros if the corresponding exemption code field is blank.
47	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
48	11	Exemption Amount	Enter the amount of the exemption for element 47 Enter zeros if the corresponding exemption code field is blank.
49	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
50	11	Exemption Amount	Enter the amount of the exemption for element 49 Enter zeros if the corresponding exemption code field is blank.

Element Number	Length	Element Name	Entry or Definition
51	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
52	11	Exemption Amount	Enter the amount of the exemption for element 51 Enter zeros if the corresponding exemption code field is blank.

Note: Elements 53-73 relate to the state identified in element 14 whose state reporting number is in element 16 of this record. Elements 54-73 must contain data only if tentative credit must be computed by the taxpayer (filing indicator "2" or "3"). If filing indicator is a "2" at least one "B3" will be required. If filing indicator is a "3" a "B3" will be required only if the taxpayer has been assigned more than one state reporting number. Money amounts are dollars and cents. Right justify and zero fill remaining unused positions. Zero fill all unused state experience rates and money amount fields. Blank fill all unused date fields.

Element Number	Length	Element Name	Entry or Definition
53	13	Credit Reduction Wages for Unrepaid Advances to the States	Enter wages if the state reported in element 14 of this record is a credit reduction state for the tax year. Otherwise, zero fill (13 positions).

Note: elements 54-58 relate to the INITIAL experience rate (as assigned by the state) of the state identified in element 14 of this record. If these fields are not needed, blank fill all unused date fields. Zero fill all unused state experience rates and money amount fields.

Element Number	Length	Element Name	Entry or Definition
54	12	Taxable Payroll as as define in State Act	First entry, taxable payroll under computation of tentative credit. (12 positions)
55	4	Date an Experience Rate took effect	First entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.
56	4	Date an Experience Rate was changed	First entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.
57	6	State Experience Rate	First experience rate entry under computation of tentative credit. Expressed as a six position decimal.
58	10	Contributions Actually paid to state	First entry for contributions paid to state (under computation of tentative credit). (10 positions)

Note: Elements 59-63 relate to the SECOND experience rate (if asserted) of the state identified in element 14 of this record. If these fields are not needed, blank fill all unused date fields. Zero fill all unused state experience rates and money amount fields.

Element Number	Length	Element Name	Entry or Definition
59	12	Taxable Payroll as as defined in State Act	2nd entry, taxable payroll under computation of tentative credit. (12 positions)
60	4	Date an Experience Rate took effect	2nd entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.
61	4	Date an Experience Rate was changed	2nd entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.
62	6	State Experience Rate	2nd experience rate entry under computation of tentative credit. Expressed as a six position decimal.
63	10	Contributions Actually paid to state	2nd entry for contributions paid to state (under computation of tentative credit). (10 positions)

Note: Elements 64-68 relate to the THIRD experience rate (if asserted) of the state identified in element 14 of this record. If these fields are not needed, blank fill all unused date fields. Zero fill all unused state experience rates and money amount fields.

Element Number	Length	Element Name	Entry or Definition
64	12	Taxable Payroll as as defined in State Act	3rd entry, taxable payroll under computation of tentative credit. (12 positions)
65	4	Date an Experience Rate took effect	3rd entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.
66	4	Date an Experience Rate was changed	3rd entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.
67	6	State Experience Rate	3rd experience rate entry under computation of tentative credit. Expressed as a six position decimal.
68	10	Contributions Actually paid to state	3rd entry for contributions paid to state (under computation of tentative credit). (10 positions)

Note: Elements 69-73 relate to the FOURTH experience rate (if asserted) of the state identified in element 14 of this record. If these fields are not needed, blank fill all unused date fields. Zero fill all unused state experience rates and money amount fields.

Element Number	Length	Element Name	Entry or Definition
69	12	Taxable Payroll as as defined in State Act	4th entry, taxable payroll under computation of tentative credit. (12 positions)
70	4	Date an Experience Rate took effect	4th entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.
71	4	Date an Experience Rate was changed	4th entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.
72	6	State Experience Rate	4th experience rate entry under computation of tentative credit. Expressed as a six position decimal.
73	10	Contributions Actually paid to state	4th entry for contributions paid to state (under computation of tentative credit). (10 positions)
74	10	Personal-ID-Number	numeric
75	30	Reserved	Enter blanks.
76	1	Linefeed	

6.5 FORM 940 TAX DATA "B2" RECORD LAYOUT

General Information.
- The "B2" Record is a continuation of the taxpayer's explanation of exempt payments.

- This record should be used only if the taxpayer has reasons for exempting payments that are in addition to the 10 reported in the "B1" Record.

- Data must be present in Elements 1-6 of the "B2" Record.

- Up to four (4) "B2" Records may follow a "B1" Record.

- Each "B2" Record contains 10 combinations of a two position exemption code and 11 position dollar and cents amount of wages exempted.

- The exemption codes to be used are described in Section 7.2 of this document.

- Exemption amount fields must be right justified with any remaining positions zero filled.

- All remaining unused exemption code fields must be blank filled. All remaining unused exemption amount fields must be zero filled.

Element Number	Length	Element Name	Entry or Definition
1	1	Record Type	"B" must be the first character of each Form 940 "B2" record.
2	1	Record Subtype	"2" must the second character of each Form 940 "B2" record.
3	9	EIN - Employer	Enter the taxpayer's EIN. Do not enter hyphens.
4	2	Sequence Number	A unique two character numeric field which indicates the order of records in the agent's file. The first "B2" Record for a taxpayer will contain a sequence number of "02". All subsequent "B2" Record sequence numbers must be incremented by 1.
5	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming.
6	11	Exemption Amount	Enter the amount of the exemption for element 5.
7	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
8	11	Exemption Amount	Enter the amount of the exemption for element 7. Enter zeros if the corresponding exemption code field is blank.
9	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.

Element Number	Length	Element Name	Entry or Definition
10	11	Exemption Amount	Enter the amount of the exemption for element 9. Enter zeros if the corresponding exemption code field is blank.
11	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
12	11	Exemption Amount	Enter the amount of the exemption for element 11. Enter zeros if the corresponding exemption code field is blank.
13	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
14	11	Exemption Amount	Enter the amount of the exemption for element 13. Enter zeros if the corresponding exemption code field is blank.
15	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
16	11	Exemption Amount	Enter the amount of the exemption for element 15. Enter zeros if the corresponding exemption code field is blank.
17	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
18	11	Exemption Amount	Enter the amount of the exemption for element 17. Enter zeros if the corresponding exemption code field is blank.
19	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
20	11	Exemption Amount	Enter the amount of the exemption for element 19. Enter zeros if the corresponding exemption code field is blank.
21	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
22	11	Exemption Amount	Enter the amount of the exemption for element 21. Enter zeros if the corresponding exemption code field is blank.
23	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.

Element Number	Length	Element Name	Entry or Definition
24	11	Exemption Amount	Enter the amount of the exemption for element 23. Enter zeros if the corresponding exemption code field is blank.
25	577	Reserved	Enter blanks.
26	1	Linefeed	

6.6 FORM 940 TAX DATA "B3" RECORD LAYOUT

General Information.
- The "B3" Record is a continuation of state tax information.

- Tax data for the first state reported for a taxpayer must be entered in the "B1" Record.

- Up to thirteen (13) Agent "B3" Records may follow a "B1" or "B2" Record.

- Money amounts are dollars and cents. Money amounts must be right justified with any remaining positions zero filled.

- Blank fill unused date fields.

- Zero fills unused money amount and state experience rate fields.

- If more than four experience rate changes occurred in one year for a given state code and reporting number, or if no experience rate was assigned by a state, or if a taxpayer was assigned more than four state reporting numbers for a state, a paper return must be filed for the taxpayer.

- "No experience rate" does not mean a zero percent experience rate. Taxpayers granted a zero percent experience rate may file Form 940 Returns electronically.

-     All groups of state data for a given state code must consecutively follow the first occurrence of that state code. Repeat the state code with each additional state reporting number. Do not repeat a state reporting number.

Element Number	Length	Element Name	Entry or Definition
1	1	Record Type	"B" must be the first character of each Form 940 "B3" Record.
2	1	Record Subtype	"3" must be the second character of each Form 940 "B3" Record.
3	9	EIN - Employer	Enter the taxpayer's EIN. Do not enter hyphens.
4	2	Sequence Number	A unique two character numeric field which indicates the order of records in the file. The first "B3" Record for a taxpayer will contain a sequence number computed by adding 1 to the sum of all the taxpayer's "B2" Records plus the "B1" Record. The sequence number of subsequent "B3" Records must be increased by 1.

Note: Elements 5-27 relate to the first state (Element 5) reported on this record.

Element Number	Length	Element Name	Entry or Definition
5	2	State Code	The two character state code assigned for a state (other than that of the taxpayer's residence). See Section 7.1, State Abbreviations.

Element Number	Length	Element Name	Entry or Definition
6	13	Credit Reduction Wages for Unrepaid Advances to States	Enter the wages for the state reported in Element 5 of this record if that state is a credit reduction state for the tax year. Otherwise, zero fill. (13 positions)
7	15	State Reporting Number	Enter the state reporting number for the taxpayer assigned by the state unemployment agency. Do not include hyphens or special characters. Left justify and blank fill any remaining positions. (15 positions)

NOTE: Elements 8-12 relate to the INITIAL experience rate of the state identified in Element 5 of this record. If a taxpayer has not been assigned an experience rate by a state, or if the taxpayer reports more than four rate changes in one year for a particular state code/reporting number, a paper return must be filed.

Element Number	Length	Element Name	Entry or Definition
8	12	Taxable Payroll as defined in state act	First entry, taxable payroll under computation of tentative credit.
9	4	Date an Experience Rate took effect	First entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.
10	4	Date an Experience Rate was changed	First entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.
11	6	State Experience Rate	First experience rate entry under computation of tentative credit. Expressed as a six position decimal.
12	10	Contributions Actually Paid to state	First entry for contributions paid to state (under computation of tentative credit). (10 positions)

NOTE: Elements 13-17 relate to the SECOND experience rate (if asserted) of the state identified in Element 5 of this record. If these fields are not needed, blank fill all unused date fields. Zero fills all unused state experience rates and money amount fields.

Element Number	Length	Element Name	Entry or Definition
13	12	Taxable Payroll as defined in state act	2nd entry, taxable payroll under computation of tentative credit.
14	4	Date an Experience Rate took effect	2nd entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.

Element Number	Length	Element Name	Entry or Definition
15	4	Date an Experience Rate was changed	2nd entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.
16	6	State Experience Rate	2nd experience rate entry under computation of tentative credit. Expressed as a six position decimal.
17	10	Contributions Actually Paid to state	2nd entry for contributions paid to state (under computation of tentative credit). (10 positions)

Note: Elements 18-22 relate to the THIRD experience rate (if asserted) of the state identified in element 5 of this record. If these fields are not needed, blank fill all unused date fields. Zero fills all unused state experience rates and money amount fields.

Element Number	Length	Element Name	Entry or Definition
18	12	Taxable Payroll as Defined in state act	3rd entry, taxable payroll under computation of tentative credit.
19	4	Date an Experience Rate took effect	3rd entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.
20	4	Date an Experience Rate was changed	3rd entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.
21	6	State Experience Rate	3rd experience rate entry under computation of Tentative credit. Expressed as a six position decimal.
22	10	Contributions Actually Paid to state	3rd entry for contributions paid to state (under computation of tentative credit). (10 positions)

Note: Elements 23-27 relates to the FOURTH experience rate (if asserted) of the state identified in Element 5 of this record. If these fields are not needed, blank fill all unused date fields. Zero fills all unused state experience rates and money amount fields.

Element Number	Length	Element Name	Entry or Definition
23	12	Taxable Payroll as Defined in state act	First entry, taxable payroll under computation of tentative credit.

Element Number	Length	Element Name	Entry or Definition
24	4	Date an Experience Rate took effect	First entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.
25	4	Date an Experience Rate was changed	First entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.
26	6	State Experience Rate	First experience rate entry under computation of tentative credit. Expressed as a six position decimal.
27	10	Contributions Actually Paid to state	First entry for contributions paid to state (under computation of tentative credit). (10 positions)

Note: Elements 28-50 relates to the second state (Element 28) reported on this record. All unused state reporting number, date, and state code fields must be blank filled. All unused state experience rates and money amount fields must be zero filled.

Element Number	Length	Element Name	Entry or Definition
28	2	State Code	The two character state code assigned for a state (Other than that of the taxpayer's residence). See Section 7.1, State Abbreviations.
29	13	Credit Reduction Wages for Unrepaid advances to states	Enter the wages for the state reported in element 28 of this record if that state is a credit reduction state for the tax year. Otherwise, zero fill. (13 positions)
30	15	State Reporting Number	Enter the state reporting number for the taxpayer assigned by the state unemployment agency. Do not include hyphens or special characters. Left justify and blank fill any remaining positions. (15 positions)

Note: Elements 31-35 relate to the INITIAL experience rate of the state reported in Element 28 of this record. If a taxpayer has not been assigned an experience rate by a state, or if the taxpayer reports more than four rate changes in one year for a particular state code/reporting number, a paper return must be filed.

Element Number	Length	Element Name	Entry or Definition
31	12	Taxable Payroll as Defined in state act	First entry, taxable payroll under computation of tentative credit.
32	4	Date an Experience Rate took effect	First entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.

Element Number	Length	Element Name	Entry or Definition
33	4	Date an Experience Rate was changed	First entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.
34	6	State Experience Rate	First experience rate entry under computation of tentative credit. Expressed as a six position decimal.
35	10	Contributions Actually Paid to state	First entry for contributions paid to state (under computation of tentative credit). (10 positions)

NOTE: Elements 36-40 relates to the SECOND experience rate (if asserted) of the state identified in element 28 of this record. If these fields are not needed, blank fill all unused date fields. Zero fills all unused state experience rates and money amount fields.

Element Number	Length	Element Name	Entry or Definition
36	12	Taxable Payroll as defined in state act	2nd entry, taxable payroll under computation of tentative credit.
37	4	Date an Experience Rate took effect	2nd entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.
38	4	Date an Experience Rate was changed	2nd entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.
39	6	State Experience Rate	2nd experience rate entry under computation of tentative credit. Expressed as a six position decimal.
40	10	Contributions Actually Paid to state	2nd entry for contributions paid to state (under computation of tentative credit). (10 positions)

Note: Element 41-45 relates to the THIRD experience rate (if asserted) of the state identified in Element 28 of this record. If these fields are not needed, blank fill all unused date fields. Zero fills all unused state experience rates and money amount fields.

Element Number	Length	Element Name	Entry or Definition
41	12	Taxable Payroll as defined in state act	3rd entry, taxable payroll under computation of tentative credit.

Element Number	Length	Element Name	Entry or Definition
42	4	Date an Experience Rate took effect	3rd entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.
43	4	Date an Experience Rate was changed	3rd entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.
44	6	State Experience Rate	3rd experience rate entry under computation of tentative credit. Expressed as a six position decimal.
45	10	Contributions Actually Paid to state	3rd entry for contributions paid to state (under computation of tentative credit). (10 positions)

Note: Elements 46-50 relates to the FOURTH experience rate (if asserted) of the state identified in Element 28 of this record. If these fields are not needed, blank fill all unused date fields. Zero fills all unused state experience rates and money amount fields.

Element Number	Length	Element Name	Entry or Definition
46	12	Taxable Payroll as defined in state act	4th entry, taxable payroll under computation of tentative credit.
47	4	Date an Experience Rate took effect	4th entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.
48	4	Date an Experience Rate was changed	4th entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.
49	6	State Experience Rate	4th experience rate entry under computation of tentative credit. Expressed as a six position decimal.
50	10	Contributions Actually Paid to state	4th entry for contributions paid to state (under computation of tentative credit). (10 positions)

Note: Elements 51-73 relates to the third state (element 51) reported on this record. All unused state reporting number, date, and state code fields must be blank filled. All unused state experience rates and money amount fields must be zero filled.

Element Number	Length	Element Name	Entry or Definition
51	2	State Code	The two character state code assigned for a state (other than that of the taxpayer's residence). See Section 04.01, State Abbreviations.

Element Number	Length	Element Name	Entry or Definition
52	13	Credit Reduction Wages for Unrepaid advances to states	Enter the wages for the state reported in element 51 of this record if that state is a credit reduction state for the tax year. Otherwise, zero fill. (13 positions)
53	15	State Reporting Number	Enter the state reporting number for the taxpayer assigned by the state unemployment agency. Do not include hyphens or special characters. Left justify and blank fill any remaining positions. (15 positions)

Note: Elements 54-57 relate to the INITIAL experience rate of the state reported in Element 51 of this record. If a taxpayer has not been assigned an experience rate by a state, or if the taxpayer reports more than four rate changes in one year for a particular state code/reporting number, a paper return must be filed.

Element Number	Length	Element Name	Entry or Definition
54	12	Taxable Payroll as defined in state act	First entry, taxable payroll under computation of tentative credit.
55	4	Date an Experience Rate took effect	First entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.
56	4	Date an Experience Rate was changed	First entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.
57	6	State Experience Rate	First experience rate entry under computation of tentative credit. Expressed as a six position decimal.
58	10	Contributions Actually Paid to state	First entry for contributions paid to state (under computation of tentative credit). (10 positions)

NOTE: Elements 59-63 relates to the SECOND experience rate (if asserted) of the state identified in Element 51 of this record. If these fields are not needed, blank fill all unused date fields. Zero fills all unused state experience rates and money amount fields.

Element Number	Length	Element Name	Entry or Definition
59	12	Taxable Payroll as defined in state act	2nd entry, taxable payroll under computation of tentative credit.
60	4	Date an Experience Rate took effect	2nd entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.

Element Number	Length	Element Name	Entry or Definition
61	4	Date an Experience Rate was changed	2nd entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.
62	6	State Experience Rate	2nd experience rate entry under computation of tentative credit. Expressed as a six position decimal.
63	10	Contributions Actually Paid to state	2nd entry for contributions paid to state (under computation of tentative credit). (10 positions)

Note: Elements 64-68 relates to the THIRD experience rate (if asserted) of the state identified in Element 51 of this record. If these fields are not needed, blank fill all unused date fields. Zero fills all unused state experience rates and money amount fields.

Element Number	Length	Element Name	Entry or Definition
64	12	Taxable Payroll as defined in state act	3rd entry, taxable payroll under computation of tentative credit.
65	4	Date an Experience Rate took effect	3rd entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.
66	4	Date an Experience Rate was changed	3rd entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.
67	6	State Experience Rate	3rd experience rate entry under computation of tentative credit. Expressed as a six position decimal.
68	10	Contributions Actually Paid to state	3rd entry for contributions paid to state (under computation of tentative credit). (10 positions)

Note: Elements 69-73 relates to the FOURTH experience rate (if asserted) of the state identified in Element 51 of this record. If these fields are not needed, blank fill all unused date fields. Zero fills all unused state experience rates and money amount fields.

Element Number	Length	Element Name	Entry or Definition
69	12	Taxable Payroll as defined in state act	4th entry, taxable payroll under computation of tentative credit.
70	4	Date an Experience Rate took effect	4th entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.

Element Number	Length	Element Name	Entry or Definition
71	4	Date an Experience Rate was changed	4th entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.
72	6	State Experience Rate	4th experience rate entry under computation of tentative credit. Expressed as a six position decimal.
73	10	Contributions Actually Paid to state	4th entry for contributions paid to state (under computation of tentative credit). (10 positions)

Note: Elements 74-96 relates to the fourth state (Element 74) reported on this record. All unused state reporting number, date, and state code fields must be blank filled. All unused state experience rates and money amount fields must be zero filled.

Element Number	Length	Element Name	Entry or Definition
74	2	State Code	The two character state code assigned for a state (other than that of the taxpayer's residence). See Section 7.1, State Abbreviations.
75	13	Credit Reduction Wages for Unrepaid advances to states	Enter the wages for the state reported in element 74 of this record if that state is a credit reduction state for the tax year. Otherwise, zero fill. (13 positions)
76	15	State Reporting Number	Enter the state reporting number for the taxpayer assigned by the state unemployment agency. Do not include hyphens or special characters. Left justify and blank fill any remaining positions. (15 positions)

Note: Elements 77-81 relate to the INITIAL experience rate of the state reported in Element 74 of this record. If a taxpayer has not been assigned an experience rate by a state, or if the taxpayer reports more than four rate changes in one year for a particular state code/reporting number, a paper return must be filed.

Element Number	Length	Element Name	Entry or Definition
77	12	Taxable Payroll as Defined in state act	First entry, taxable payroll under computation of tentative credit.
78	4	Date an Experience Rate took effect	First entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.
79	4	Date an Experience Rate was changed	First entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.

Element Number	Length	Element Name	Entry or Definition
80	6	State Experience Rate	First experience rate entry under computation of tentative credit. Expressed as a six position decimal.
81	10	Contributions Actually Paid to state	First entry for contributions paid to state (under computation of tentative credit). (10 positions)

NOTE: Elements 82-86 relate to the SECOND experience rate (if asserted) of the state identified Element 74 of this record. If these fields are not needed, blank fill all unused date fields. Zero fills all unused state experience rates and money amount fields.

Element Number	Length	Element Name	Entry or Definition
82	12	Taxable Payroll as defined in state act	2nd entry, taxable payroll under computation of tentative credit.
83	4	Date an Experience Rate took effect	2nd entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.
84	4	Date an Experience Rate was changed	2nd entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.
85	6	State Experience Rate	2nd experience rate entry under computation of tentative credit. Expressed as a six position decimal.
86	10	Contributions Actually Paid to state	2nd entry for contributions paid to state (under computation of tentative credit). (10 positions)

Note: Elements 87-91 relate to the THIRD experience rate (if asserted) of the state identified in element 74 of this record. If these fields are not needed, blank fill all unused date fields. Zero fills all unused state experience rates and money amount fields.

Element Number	Length	Element Name	Entry or Definition
87	12	Taxable Payroll as defined in state act	3rd entry, taxable payroll under computation of tentative credit.
88	4	Date an Experience Rate took effect	3rd entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.
89	4	Date an Experience Rate was changed	3rd entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.

Element Number	Length	Element Name	Entry or Definition
90	6	State Experience Rate	3rd experience rate entry under computation of tentative credit. Expressed as a six position decimal.
91	10	Contributions Actually Paid to state	3rd entry for contributions paid to state (under computation of tentative credit). (10 positions)

Note: Elements 92-96 relate to the FOURTH experience rate (if asserted) of the state identified in Element 74 of this record. If these fields are not needed, blank fills all unused date fields. Zero fill all unused state experience rates and money amount fields.

Element Number	Length	Element Name	Entry or Definition
92	12	Taxable Payroll as Defined in state act	4th entry, taxable payroll under computation of tentative credit.
93	4	Date an Experience Rate took effect	4th entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.
94	4	Date an Experience Rate was changed	4th entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.
95	6	State Experience Rate	4th experience rate entry under computation of tentative credit. Expressed as a six position decimal.
96	10	Contributions Actually Paid to state	4th entry for contributions paid to state (under computation of tentative credit). (10 positions)
98	11	Reserved	Enter blanks.
99	1	Linefeed	

6.7 Checkpoint Total "C" Records.

Description: The "C" Record does a written checkpoint total after each 100 or fewer "B1" records (for the final "C" record of the file).
Each "C" Record tallies the total number of each type of "B" record. The sum Total FUTA Tax of each of the preceding "B1" (Element 22) Records are also totaled on the "C" Record. See Record Layout for complete field descriptions and character positions. General guidelines follow.

(1) Only Form 940 data may be present.

(2) The "C" Record must follow a "B" type Record.

(3) The "C" Record must be followed by a "B1" Record unless the "C" Record is at the end of the file and then it must be followed by the End of File "E" Record.

(4) All money amount fields must contain dollars and cents. Money fields are right justified with zero filling to the left. All unused amount fields must be zero filled.

(5) The record length must be 720 characters plus terminating linefeed to make it 721 bytes long.

(6) Errors in the data or structure of the "C" Record could prevent normal processing of the file.

6.8 FORM 940 AGENT "C" RECORD LAYOUT

Element Number	Length	Element Name	Entry or Definition
1	1	Record Type	"C" must be the first character of each Form 940 "C" Record.
2	6	Number of "B1" Records	Enter the total "B1" Records tallied per checkpoint.
3	6	Number of "B2" Records	Enter the total "B2" Records tallied per checkpoint.
4	6	Number of "B3" Records	Enter the total "B3" Records tallied per checkpoint.
5	16	Total "B1" Record Taxes	Enter the sum of the taxes reported in the "B1" Records accumulated per checkpoint.
6	685	Reserved	Enter blanks.
7	1	Linefeed	

6.9 End of File "E" Record.

Description: The Agent "E" Record is after the last Checkpoint Totals "C" Record. The "E" Record contains a count of all Tax Data "B" Records by type and the sum Total FUTA Tax on the file.

See Record Layout for complete field descriptions and character positions. General guidelines follow.

(1) Only Form 940 data may be present.

(2) The "E" Record must follow the last Agent "C" Record.

(3) All money amount fields must contain dollars and cents. Money fields are right justified with zero filling to the left. All unused amount fields must be zero filled.

(4) The record length must be 720 characters plus terminating linefeed to make it 721 bytes long.

(5) The "E" Record must be the last record on the file.

(6) Errors in the data or structure of the "E" Record could prevent normal processing of the file.

6.10 FORM 940 AGENT "E" RECORD LAYOUT

Element Number	Length	Element Name	Entry or Definition
1	1	Record Type	"E" must be the first character of the Form 940 "E" Record.
2	6	Number of "B1" Records	Enter the sum of "B1" Records you are reporting on The file.
3	6	Number of "B2" Records	Enter the sum of "B2" Records you are reporting on The file.

Element Number	Length	Element Name	Entry or Definition
4	6	Number of "B3" Records	Enter the sum of "B3" Records you are reporting on the file.
5	16	Total "B1" Record Taxes	Enter the sum of the taxes on all "B1" Records reported on the file.
6	685	Reserved	Enter blanks.
7	1	Linefeed	

6.11 ACKNOWLEDGEMENT RECORD LAYOUT

Element Number	Length	Element Name	Entry or Definition
1	9	EIN-AGENT	Alpha/Numeric
2	10	ETR-JOB-NUMBER	Alpha/Numeric
3	9	EIN-940	Alpha/Numeric
4	3	FILLER	blanks
5	3	ERROR-CODE-1	Numeric
6	1	ERR-CD	Alpha/Numeric

6.12 ERROR REJECTION CODES

Reject Codes for Form 940 Returns filed Electronically

Reject Code	Reject Code description
200	Invalid EIN in Agent "A" record.
245	First Record on the file is not Form 940 Agent "A" Record.
250	Last record on the file is not an End of the file "E" record.
255	Invalid record type.
265	INVALID_PIN (940 OLF only)
270	INVALID_TAXPAYER_ID (940 OLF only)
275	INVALID_REC_SUBTYPE (940 OLF only)

Math and consistency validation checks (U551 errors)

Error Code	Error Subcode	Reject Code description
551	A	"TXPYR-CREDIT VS OVERPAYMENT AND DEPOSIT MATH ERROR"
551	C	"EXEMPT PAYMENTS EXCEED TOTAL WAGES PAID"
551	D	"TOT-WAGES EQUAL EXCESS-PAYMENTS"

7.0 General Information

7.1 State Abbreviations

You must use the following state abbreviations when developing the state code portion of address fields.   See the note below for APO/FPO addresses.

State	Code	State	Code
Alabama	(AL)	Montana	(MT)
Alaska	(AK)	Nebraska	(NE)
Arizona	(AZ)	Nevada	(NV)
Arkansas	(AR)	New Hampshire	(NH)
American Samoa	(AS)	New Jersey	(NJ)
California	(CA)	New Mexico	(NM)
Colorado	(CO)	New York	(NY)
Connecticut	(CT)	North Carolina	(NC)
Delaware	(DE)	North Dakota	(ND)
District of Columbia	(DC)	North Mariana Islands	(MP)
Federated States ofMicronesia	(FM)	Ohio	(OH)
Florida	(FL)	Oklahoma	(OK)
Georgia	(GA)	Oregon	(OR)
Guam	(GU)	Palau	(PW)
Hawaii	(HI)	Pennsylvania	(PA)
Idaho	(ID)	Puerto Rico	(PR)
Illinois	(IL)	Rhode Island	(RI)
Indiana	(IN)	South Carolina	(SC)
Iowa	(IA)	South Dakota	(SD)
Kansas	(KS)	Tennessee	(TN)
Kentucky	(KY)	Texas	(TX)
Louisiana	(LA)	Utah	(UT)
Maine	(ME)	Vermont	(VT)
Marshall Islands	(MH)	Virginia	(VA)
Maryland	(MD)	Virgin Islands	(VI)
Massachusetts	(MA)	Washington	(WA)
Michigan	(MI)	West Virginia	(WV)
Minnesota	(MN)	Wisconsin	(WI)
Mississippi	(MS)	Wyoming	(WY)
Missouri	(MO)		

Note: The following state abbreviations must be used when developing the state
code portion for APO/FPO addresses:

State Code

Armed Forces the Americas (AA)
Armed Forces Europe   (AE)
Armed Forces Pacific   (AP)

When reporting APO/FPO addresses use the following format:

Payee Name	PVT John M. Doe	
Mailing	Company F, PSC	
Address	Box 100	
	167 Infantry REGT	
Payee City	APO (or FPO)	
*Payee State	AE, AA, or AP	(*AE is the designation for ZIPs beginning
Payee Zip	Code 098010100	with 090-098, AA for ZIP 340 and AP for
		ZIPS 962-966.)

7.2 Exemption Codes

Note: Some of the following codes are group level exemption codes. If an asterisk is present before the exemption code, then a lower level subclassification is present on a later page. If the Reporting Agent cannot provide the subclassification, the higher level classification is sufficient.

Exemption Code	Special classes of employment Special types of payments
01	Agricultural labor. See Circular A for exceptions.
03	Domestic service in college clubs, fraternities and sororities if employer paid cash wages less than $1000 in any calendar quarter in the current or preceding year.
04	Educational assistance program payments by employer under Section 127 of the Code (see Circular E for limitation).
05	Employers whose taxability depends upon number of employees and who meet the requirements set forth in Circular E.
06	Foreign Governments and International Organizations.
07	Industrial home worker who is a statutory employee. See Circular E.
08	Household workers. See Circular E for additional information.
09	Interns working in hospitals.
10	Ministers of churches performing duties as same.
11	Members of religious orders who have taken a vow of poverty and are instructed by the order to perform services for the order, agency of the supervising church or associated institution.
12	Members of religious orders who have not taken a vow of poverty and are instructed by the order to perform services for the order, agency of the supervising church or associated institution.
13	Reimbursement for moving expenses the taxpayer believes is deductible by employee.
14	Newspaper carrier under age 18 delivering to customers.
15	Newspaper and magazine vendors buying at fixed prices and retaining excess from sales to customers.
16	Non-cash payments for household work, agricultural labor and service not in the course of the employer's trade or business.
17	Patients employed by hospitals.
18	Railroads, etc., - Payments subject to Railroad Unemployment Insurance Act.

Exemption Code	Special classes of employment Special types of payments
19	Qualified real estate agents and direct sellers. <u>See</u> Circular E for additional information.
20	Service not in the course of the employer's trade or business other than on a farm operated for profit or for household employment in private homes. See Circular E for additional information.
21	Deceased worker's wages paid to beneficiary or estate after the year of worker's death.
22	Employees of state governments and political subdivisions. Salaries and wages. Fees of public officials.
23	Supplemental unemployment compensation plan benefits.
24	Dependent care assistance programs (limited to $5,000; $2,500, if married filing separately). Exempt to the extent it is reasonable to believe that amounts will be excluded from gross income under Section 129 of the Code.
25	Tips less than $20 in a month.
26	Employee achievement awards. Exempt to the extent it is reasonable to believe the amounts will be excluded from gross income under Section 74© of the Code.
27	Qualified group legal services plan. See Circular E for additional information.
28	Loans with below-market interest rates. Exempt, unless loans are compensation-related. See Circular E.
*30	Workers from any foreign country or its possession lawfully admitted on a temporary basis to perform agricultural labor. See Circular E for additional details.
*35	Family employees.
*40	Federal employees.
*45	Fishing and related activities.
*50	Foreign service by U.S citizens.
*55	Insurance agents or solicitors.
*60	Meals and lodging. See Circular E.
*65	Non-profit organizations.
*70	Retirement and pension plans.
*75	Sickness or injury payments.
*80	Students.

Exemption Code	Special classes of employment Special types of payments
90	Fringe benefits that qualify for exclusion. See Circular E.
91	Group-term life insurance costs, Cafeteria Plans.
92	Nontaxable scholarships and fellowship grants. Taxability depends on the nature of the employment and the status of the organization. See Circular E for additional information.

Subdivision for Aliens classification

Exemption Code	Special classes of employment Special types of payments
31	Resident aliens performing service outside the U.S and meeting the requirements set down in Circular E.
32	Canadian and Mexican non-resident aliens working in the U.S. who are employed in railroad service.
33	Non-resident alien who is a student, scholar, trainee, teacher, etc., who meets the requirements of a non-immigrant alien under Section 101(a)(15)(F), (J), or (M) of Immigration and Nationality Act.
34	Non-resident alien working on American vessel or aircraft outside U.S. Not under contract made in the U.S. See Circular E for additional details.

Subdivisions for Family Employees classification

Exemption Code	Special classes of employment Special types of payments
36	Son or daughter under 21 employed by parent (or by partnership consisting only of parents).
37	Parent employed by son or daughter.
38	Spouse employed by spouse.

Subdivisions for Federal Employees classification

Exemption Code	Special classes of employment Special types of payments
41	Members of uniformed services; Young Adult Conservation Corps, Job Corps, or National Volunteer Antipoverty Program or Peace Corps volunteers.
42	All other federal employees (not performing foreign service). See Circular E.

Subdivision for Fishing and Related Activities classification

Exemption Code	Special classes of employment Special types of payments
46	Fish, sponges, etc., other than salmon or halibut on vessels of 10 net tons or less, and Exemption Code 47 does not apply. See Circular E.
47	Individual has arrangement with the owner or operator of a boat and the individual is not paid cash remuneration, but receives a share of the boat's catch (or proceeds from the sale of the catch), the share depending on the boat's catch. The operating crew of the boat is normally fewer than 10 individuals. See Circular E.
48	Salmon or halibut. Exempt if Exemption Code 47 applies. See Circular E.

Subdivisions for Foreign Service by U.S. Citizens classification

Exemption Code	Special classes of employment Special types of payments
51	U.S Government employee.
52	For foreign affiliates of American employers and other private employers. See Circular E for additional information.

Subdivisions for Insurance Agents or Solicitors classification

Exemption Code	Special classes of employment Special types of payments
56	Full-time life insurance salesperson. Exempt if not a common law employee or if paid solely by commissions.
57	Other salesperson of life, casualty, etc., insurance. Exempt if not a common law employee or if paid solely by commissions.

Subdivisions for Meals and Lodging classification

61	Meals furnished for employer's convenience and on the employer's premises. See Circular E for additional information.
62	Lodging furnished for employer's convenience and on the employer's premises, and as a condition of employment. See Circular E for additional information.

Subdivisions for Non-Profit Organization classification

Exemption Code	Special classes of employment Special types of payments
66	Religious, educational, charitable, etc., organizations described in Section 501(c)(3) exempt from income tax under Section 501(a) of the Code.
67	Corporations organized under Act of Congress described in Section 501(c)(1) of the Code. Not exempt if employee earns $50 or more in quarter unless services excepted by Section 3306(c)(6) of the Code.

Exemption Code	Special classes of employment / Special types of payments
68	Other organizations exempt under Section 501(a) of the Code. Not exempt if employee earns $50 or more in quarter. See Circular E for details.

Subdivisions for Retirement and Pension Plans classification

Exemption Code	Special classes of employment / Special types of payments
71	Employer contributions to a simplified employee pension plan (SEP), excluding amounts contributed under a salary reduction SEP agreement.
72	Employer contributions to Section 403(b) annuity contracts.
73	Retirement and pension plan distributions from a qualified plan.
74	Employer contributions to a qualified plan.

Subdivisions for Sickness or Injury Payments classification

76	Workmen's compensation law.
77	Certain employer plan payments after the end of 6 calendar months after calendar month employee last worked for employer.
78	No employer plan payments after the end of 6 calendar months after calendar month employee last worked for employer.

Subdivisions for Students classification

Exemption Code	Special classes of employment / Special types of payments
81	Student working for private school, college or university, if enrolled and regularly attending classes.
82	Student performing services for auxiliary nonprofit organization described in Section 509(a)(3) of the Code which is organized and operated exclusively for the benefit of and supervised or controlled by a school, college or university at which the student is enrolled and regularly attending classes.
83	Student working for a public school, college or university, if enrolled and regularly attending classes, and student nurse working for a public hospital, unless the services are covered under a Section 218 agreement.
84	Spouse of student provided the conditions set forth in Circular E are met.
85	Student enrolled in a full time program at a nonprofit or public educational institution, provided the conditions set forth in Circular E are met.

Exemption	Special classes of employment
Code	Special types of payments

86   Student nurse working for hospital as incidental part of student nurse's training, where employment is substantially less than full-time, and total earnings are nominal.

87   Students employed by organized camps (Section 3306(c)(20) of the Code).

8.0 Electronic Letter of Application Formats

Background

Business Taxpayers applying to use a Transmitter in order to batch (accumulate) their returns with others to form larger transmissions must submit an electronic LoA using the prescribed formats, or a paper LoA. Using appropriate COTS software, Business Taxpayers should complete an LoA and forward it to a Transmitter for transmission to the IRS. After successful submission of the LoA, the IRS will verify the applicant's suitability for participation and mail a paper notification of approval and a designated PIN to the Business Taxpayer. The PIN will be used by the Business Taxpayer to electronically "sign" both their 940 return(s) and the "Consent (s) To disclose" any tax data that may be returned electronically by the IRS to the taxpayer through the Transmitter. Once this PIN Number has been received, the Business Taxpayer will forward their return(s) to their Transmitter which will batch that information with other electronic Forms 940 and submit those returns to the IRS for processing.

8.1 LoA Transmission Requirements

All LoA transmission files must be in ASCII format.

Each logical record within a transmission file shall begin with a four byte field.

This field will contain a count of the number of bytes within the logical record (including the four bytes for the counter itself and all remaining bytes including the Terminus (#) Character).

 Each logical record within a transmission file shall have the Start-Of-Record Sentinel as its second four byte field. The Start-Of-Record Sentinel must be four asterisks (****).

Every logical record shall have the record Terminus Character (#) as its last significant byte.

The first two records on each LoA transmission file must be the Transmitter records ("TRANA" and "TRANB") which will contain data entered by the Transmitter. The TRANA and TRANB records will be followed by any number of Electronic LoA records. The last record of the file must be a RECAP record which is used for file and transmission control purposes.

No LoA field values shall contain the delimiter ("[" or "]") or terminus "#" characters.

LoA fields shall contain only character (alphanumeric) data. This means all

numeric data must be unsigned ASCII numeric characters (i.e., no binary data).

Only alphanumeric data shall contain special characters. The allowable special character set is limited to hyphen ("-"), slash ("/"), period ("."), comma (",") and ampersand ("&").

8.2 LoA TRANA RECORD LAYOUT

FIELD	START POSITION	LENGTH	DESCRIPTION/CONTENTS
Byte Count	1	4	Numeric "0120"
Record Sentinel	5	4	Value = "****"
Record Identifier	9	6	Value = "TRANA "
Employer Identification Number of transmitter	15	9	Numeric (Must match Field in TRANB Record)
Transmitter Name	24	35	Alphanumeric
Type of Transmitter	59	16	Alphanumeric "Preparer" or Preparer's Agent
Processing Site	75	1	Value = "E"
Transmission Date	76	8	Date, Format = YYYYMMDD
Electronic Transmitter Identification Number and Sequence Number	84	7	Numeric LOGIN Identification and two digit sequence number (Begin at 01, increment by one for each file transmitted)
Julian Day	91	3	Numeric
Transmission Sequence for Julian Day	94	2	Numeric, begin with "01" and increment by 1 for each transmission on a given Julian Day
Acknowledgement Transmission Format	96	1	Value "A"
Record Type	97	1	Value = "V"
Filler	98	6	Blanks
Reserved	104	13	Blanks
Production/ Test Code	117	1	Alphanumeric, "T" = Test, "P" = Production
Transmission Type Code	118	1	Value = "A"
Reserved	119	1	Blanks
Record Terminus Character	120	1	Value = "#"

8.3 LOA TRANB RECORD FORMAT

FIELD	START POSITION	LENGTH	DESCRIPTION/CONTENTS
Byte Count	1	4	Numeric, Value = "0120"
Record Sentinel	5	4	Value = "****"
Record Identifier	9	6	Value = "TRANB "
Employer Identification Number of transmitter	15	9	Numeric (Must match Field in TRANA Record)
Transmitter Address	24	35	Alphanumeric
Transmitter City, State, Zip Code	59	35	Alphanumeric
Transmitter Area Code and Phone Number	94	10	Numeric
Reserved	104	16	Blanks
Record Terminus Character	120	1	Value = "#"

The electronic LoA shall be comprised of the fields described in the table.

Table Electronic LoA Fields

Field ID	Notes	Field	Min/Max Bytes	Description
01	*	Taxpayer Applicant	1/1	Must be "Y"
02	1	Transmitter Applicant	1/1	reserved for future use
03	1	Reporting Agent Applicant	1/1	reserved for future use
04	1	Software Developer	1/1	reserved for future use
05	*	Form Type	3/6	Alphanumeric Must be "941" or "940"
06	*	Employer Identification Number	9/9	Numeric
07	*	Employer Name 1	1/35	Alphanumeric
08	1	Employer Name 2	1/35	Alphanumeric
09	*	Employer Address Line 1	1/35	Alphanumeric
10	1	Employer Address Line 2	1/35	Alphanumeric
11	*	Employer City	1/20	Alphanumeric
12	*	Employer State	2/2	Alphabetic
13	*	Employer Zip	5/9	Numeric
14	*	Authorized Agent Name	1/35	Alphanumeric
15	*	Authorized Agent Title	1/35	Alphanumeric
16	*	Contact Name	1/35	Alphanumeric
17	*	Contact Title	1/35	Alphanumeric
18	*	Contact Phone Number	10/10	Numeric
19	1	First Filing Quarter, ccyyq	5/5	Numeric, ccyyq
20	1	Estimated Return Volume	2/9	Numeric
21	1	EDI Translation Software Name	1/20	Alphanumeric
22	1	EDI Release Version	6/6	Numeric, e.g., 003030
23	*	Signature Name	1/35	Alphanumeric
24	*	Signature Date	8/8	Numeric, ccyymmdd
25	1	Standalone Interface Indicator	1/1	Not used, reserved for future use.
26	1	Email Address	1/75	Alphanumeric
27	1	Email Address	1/75	Alphanumeric

Notes: 1 - field is optional

* - required – if any required field is missing, the application is rejected

LoA RECAP Record Format

FIELD	START POSITION	LENGTH	DESCRIPTION/CONTENTS
Byte Count	1	4	Numeric "0120"
Record Sentinel	5	4	Value = "****"
Record Identifier	9	6	Value = "RECAP "
Filler	15	7	Blanks
Filler	22	6	Constant Value = zeroes
Total LoA Counts	28	6	Numeric, Number of LoA Transmitted
ETIN/Transmitter's Use Code	34	7	Numeric, ETIN assigned by IRS
Julian Day of Transmission	41	3	Numeric
Transmission sequence number for Julian Day	44	2	Numeric, begins with 01 and is incremented by 1 for each transmission per day
Total Accepted LoAs	46	6	Numeric, IRS populate this field with number of LoAs accepted
Filler	52	6	Blanks
Total Rejected LoAs	58	6	Numeric, IRS populate this field with number of LoAs Rejected
Filler	64	12	Blanks
IRS Computed LoA Count	76	6	Numeric, IRS populate this field with number of LoAs received
Filler	82	38	Blanks
Record Terminus Character	120	1	Value = #

9.0 Exhibits

9. 1 Sample Letter of application for a Reporting Agent

Alpha Reporting Agent, Inc
111 Main S
Columbus, NY 11111
EIN – **##-#######**
[DATE]

Internal Revenue Service Center
PO Box 1231
Austin, TX 78767
Attn: AUSC Help Desk Stop 6380

To whom it may concern:

This letter is an application to participate in the electronic filing program for Forms 940
 (**940e-file**).

I understand and agree to the following, which are prerequisites for participation in the 940 *e-file*
Program:

 I will keep copies of the Form 8655, Reporting Agent Authorization for Magnetic
Tape/Electronic Filers (or its equivalent) on file at my principal place of business for a period no less
than required under the period of limitation for assessment for the last return filed under its authority. I
will provide these Authorizations for examination by the Service upon request.

I will abide by he record keeping requirements set forth in Section 2.2 of this Publication

I will provide my clients documentation of filed returns as set forth in Section 2.2 of this
Publication.

I will comply with all electronic security restrictions, as defined by the rules and regulations set up
by IRS for the electronic filing program, and Section 2.1 of this publication.

I agree to submit returns that meet the eligibility requirements, as defined by the rules and
regulations set up by IRS for the electronic filing program.

[Name, title] of **[firm name]** is the individual to contact concerning the userid/password.
[Name] can be reached a [telephone number]. **[Name]** has read and understands the rules that
apply to the use of the Userid/password.

[Name, title] of **[firm name and address]** is the designated recipient of the Personal
Identification Number (PIN). **[Name]** is authorized to administer and use the PIN as the
signature of **[firm name]** to sign and file tax returns in the **940e-file** Program.

I will begin submitting returns using the Form **940e-file** Program for returns due year 20**##**. I estimate
that I will be submitting **###** returns.
I expect to use **[software brand name]** software for electronic transmissions.
I have included with this application a Reporting Agent 's List and an Authorization for each taxpayer
on my Reporting Agent's List.
Please contact **[name, title & telephone number]** to discuss this letter of application.

**[Signature of Electronic Filer's
Authorized Signatory]**

9.2 Sample *Letter of Application for a Software Developer*

BBB Application Developers
111 Main S.
Columbus, NY 11111
EIN – **##-#######**
[Date]

Internal Revenue Service Center
PO Box 1231
Austin, TX 78767
Attn: AUSC Help Desk Stop 6380

To whom it may concern:

This letter is an application to participate in the electronic filing program for Forms 940 (**940e-file**).

I understand and agree to the following, which is a prerequisite for participation in the **940e-file** Program as a software developer:

I will comply with all electronic security restrictions, as defined by the rules and regulations set up by IRS for the electronic filing program, and Section 2.1 of this publication.

 [Name, title] of **[firm name]** is the individual to contact concerning the userid/password. **[Name]** can be reached at **[telephone number]**. **[Name]** has read and understands the rules that apply to the use of the Userid/password.

[Name, title] of **[firm name and address]** is the designated recipient of the Personal Identification Number (PIN). **[Name]** is authorized to administer and use the PIN as the signature of **[firm name]** to test software for use in filing tax returns in the **940e-file** Program.

I will provide software to begin submitting returns using the Form **940e-file** Program for returns due 20**##** year.

I will use **[name of software brand or development name]** for electronic transmissions. The software package will be marketed to **[Reporting Agents, Transmitters].** The software is a **[standalone or payroll package interface]**.

Please contact **[name, title & telephone number] t**o discuss this letter of application.

**[Signature of Software Developer's
Authorized Signatory]**

9.3 Sample Letter of Application for a Transmitter

CCC Payroll Interline, Inc
111 Main S
Columbus, NY 11111
EIN – **##-#######**
[Date]

Internal Revenue Service Center
PO Box 1231
Austin, TX 78767
Attn: AUSC Help Desk Stop 6380

To whom it may concern:

This letter is an application to participate in the electronic filing program for Forms 940
(**940e-file**).

I understand and agree to the following, which are prerequisites for participation in the **940e-file**
Program:

I will comply with all electronic security restrictions, as defined by the rules and regulations set up
by IRS for the electronic filing program, and Section 2.1 of this publication.

I will begin submitting returns using the **940e-file** Program for returns due 20**##**. I
estimate that I will be submitting **####** returns.

I will use **[name of software brand or development name]** release version **[number]** for electronic
transmissions.
Please contact **[name, title & telephone number]** to discuss this letter of application.

> **[Signature of Transmitters
> Authorized Signatory]**