

Instructions to Filers of Forms 1099, 1098, 5498, and W-2G

This package contains:

Instructions for Forms 1099, 1098,
5498, and W-2G

Form 7018-C, Order Blank for Forms
Mailing Label

Note: We redesigned the peel-off mailing label. Only the name and address portion of the mailing label should be placed on Form 1096. The bar code portion was needed to mail this package to you; just leave it attached to the package.

Caution: Forms 1096 are NOT included in this package. Be sure to order them.

Use of Mailing Label

Please use the preprinted mailing label from the back page of this package on your Form 1096—the form you must use to transmit your paper forms to the IRS. If you received this package in an envelope, your labels were enclosed on a separate sheet. Using the label will help the IRS process your returns more efficiently. Please do not use this label on any other form you file with the IRS, and do not use any other labels you may have received with other tax packages on Form 1096.

Check the label to make sure it contains your current name, address, and taxpayer identification number (TIN). Make any necessary changes to your name and address on the label. But if the TIN is not correct, DO NOT USE THE LABEL; instead, follow the instructions in 5 below.

Make no entries in the boxes on Form 1096 for filer's name, address, and TIN (boxes 1 and 2) if you are using the preprinted label.

Important Points To Remember

1. Read the general instructions in this package through page 8 and the specific instructions for the information returns you are filing.

2. Submit a separate Form 1096 for each type of information return you file. For example, if you must file both Forms 1099-DIV and 1099-INT, complete one Form 1096 to transmit your Forms 1099-DIV and another Form 1096 to transmit your Forms 1099-INT.

3. You may submit originals and corrections together with one Form 1096.

4. Be sure that the filer information on Form 1096 is the same as the filer information on the Forms 1099, 1098, 5498, or W-2G in the submission. See Form 1096 for the definition of a filer.

5. If you cannot use the preprinted label, enter your current name, as you will enter it on other tax returns filed with the IRS, and your address on Form 1096. Enter your TIN, either an employer identification number (EIN) or a social security number (SSN), but NOT BOTH, as follows:

a. Sole proprietors who have an EIN must enter their EIN in box 1.

b. Sole proprietors who do not have an EIN must enter their SSN in box 2.

c. Individuals not in a trade or business must enter their SSN in box 2.

d. All others, including corporations and partnerships, must enter their EIN in box 1.

6. Use decimal points in all money fields to indicate dollars and cents. Information returns received without decimal points may be sent back to you for correction and resubmission.

7. Use Form 7018-C contained in this package to order the forms you need.

Importance of Filing Accurate and Timely Returns

We compare the data you furnish on information returns with the income tax returns of those people about whom you report the information. If the information you give us is different from what they report on their tax returns, we may propose a change to their taxes. Therefore, please prepare your returns accurately, and file and furnish them on time.

Because of the importance of filing accurate and timely information returns, filers may be subject to a \$15, \$30, or \$50 penalty per return for failure to file correct information returns by the due date. See **Penalties** on page 2 inside.

Magnetic Media Requirements

If you are required to file 250 or more information returns, you must file on magnetic media. Each type of form is counted separately to determine the 250-return filing requirement. If filing on magnetic media would create an undue hardship, you may request a waiver on **Form 8508**, Request for Waiver From Filing Information Returns on Magnetic Media. The requirement to file on magnetic media applies separately to original returns and corrected returns. See page 3 inside for more information.

Publication 1220 details the requirements and specifications for submitting magnetic tape, tape cartridge,

3½-inch and 5¼-inch diskettes, and for filing electronically. You may get Pub. 1220 by calling 1-800-TAX-FORM (1-800-829-3676).

When To File

January 31.—Furnish (postmark) statements to recipients by January 31, 1997, including the fair market value of an IRA.

February 28.—File (postmark) Forms 1098, 1099, and W-2G with the IRS by February 28, 1997.

June 2.—File (postmark) Form 5498 with the IRS and furnish (postmark) IRA contribution information to participants by June 2, 1997.

For more information, see part **H** on pages 5–7 and part **B** on pages 4 and 5. Part B also gives information about **Form 8809**, Request for Extension of Time To File Information Returns.

Format Requirements

Because paper forms are read by machines, you may use only official IRS forms or substitutes that meet the requirements specified by the current Pub. 1179. See **Paper Document Reporting** on pages 3 and 4. Substitute forms prepared in continuous or strip form must be separated and stripped to conform to the size specified for a single sheet before they are filed with the IRS. For example, if you are filing Forms 1099-INT, you must separate the forms after every three forms, and submit the forms three to a page. Substitute statements to recipients must also conform to the rules in Pub. 1179.

Taxpayer Identification Numbers (TINs)

If you are required to submit information returns to report information about another person, you must request and provide that person's TIN on those returns. The IRS will identify information returns with missing or incorrect TINs. A penalty will be charged to those who cannot demonstrate that they made a proper attempt to obtain correct numbers. Use **Form W-9**, Request for Taxpayer Identification Number and Certification, to request a TIN.

Order Blank for Forms**USE THIS PART TO ORDER 1997 FORMS ONLY****1997 Forms Will Not Be Sent Until January 1997**

Form	Quantity	Form	Quantity	Form	Quantity	Form	Quantity
1096		1099-C		1099-MISC		1099-S	
W-2G		1099-DIV		1099-OID		5498	
1098		1099-G		1099-PATR		5754	
1099-A		1099-INT		1099-R		Instrs. 1099	
1099-B							

Do Not Separate

Name
Address (number and street)
City, state, and ZIP code

USE THIS PART TO ORDER 1996 FORMS ONLY

Form	Quantity	Form	Quantity	Form	Quantity	Form	Quantity
1096		1099-C		1099-OID		5754	
W-2G		1099-DIV		1099-PATR		Instrs. 1099	
1098		1099-G		1099-R			
1099-A		1099-INT		1099-S			
1099-B		1099-MISC		5498			

Paperwork Reduction Act Notice.—We ask for the information on this form to carry out the Internal Revenue laws of the United States. Your response is voluntary.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is 3 minutes. If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send this form to this address. Instead, see **Where To Send Your Order** on the back.

Purpose of Form.—Use this form to obtain forms listed above. You may order both 1996 and 1997 forms at the same time. Your 1997 order will be held in the system until the items become available and then automatically shipped to you. You will not need to reorder.

Instructions

Enter the quantity next to the form you are ordering and fully complete the appropriate mailing label. The titles of these forms are listed below. Use the lower part for ordering 1996 forms only. Use the upper part for ordering 1997 forms only.

Caution: Some of the forms listed are printed two or three on a sheet. Please order the number of forms needed, not the number of sheets.

Note: *All forms on this order blank that require multiple copies are carbonized so that you will not have to insert carbons. None of the items on the order blank are available from the IRS in continuous feed format.*

Titles

- Form W-2G, Certain Gambling Winnings (three forms per sheet)
 - Form 1096, Annual Summary and Transmittal of U.S. Information Returns (one form per sheet)
 - Form 1098, Mortgage Interest Statement (three forms per sheet)
 - Form 1099-A, Acquisition or Abandonment of Secured Property (three forms per sheet)
 - Form 1099-B, Proceeds From Broker and Barter Exchange Transactions (three forms per sheet)
 - Form 1099-C, Cancellation of Debt (three forms per sheet)
 - Form 1099-DIV, Dividends and Distributions (three forms per sheet)
 - Form 1099-G, Certain Government Payments (three forms per sheet)
 - Form 1099-INT, Interest Income (three forms per sheet)
 - Form 1099-MISC, Miscellaneous Income (three forms per sheet)
 - Form 1099-OID, Original Issue Discount (three forms per sheet)
 - Form 1099-PATR, Taxable Distributions Received From Cooperatives (three forms per sheet)
 - Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. (two forms per sheet)
 - Form 1099-S, Proceeds From Real Estate Transactions (three forms per sheet)
 - Form 5498, Individual Retirement Arrangement Information (three forms per sheet)
 - Form 5754, Statement by Person(s) Receiving Gambling Winnings (one form per sheet)
- Instructions for Forms 1099, 1098, 5498, and W-2G

Where To Send Your Order

Send your order to the Internal Revenue Service address for your state.

Alabama, Arkansas, Illinois,
Indiana, Iowa, Kentucky,
Louisiana, Michigan, Minnesota,
Mississippi, Missouri, Nebraska,
North Dakota, Ohio,
South Dakota, Tennessee,
Texas, Wisconsin

Central Area Distribution Center
P.O. Box 8910
Bloomington, IL 61702-8910

Alaska, Arizona, California,
Colorado, Hawaii, Idaho,
Kansas, Montana, Nevada,
New Mexico, Oklahoma,
Oregon, Utah, Washington,
Wyoming

Western Area Distribution Center
Rancho Cordova, CA 95743-0001

Connecticut, Delaware,
District of Columbia, Florida,
Georgia, Maine, Maryland,
Massachusetts, New Hampshire,
New Jersey, New York,
North Carolina, Pennsylvania,
Rhode Island, South Carolina,
Vermont, Virginia, West Virginia,
Foreign Address

Eastern Area Distribution Center
P.O. Box 85075
Richmond, VA 23261-5075

Note: Please make the following changes to the instructions:

1. For Form 1099-INT on page 15 under **Statement required** in the second sentence, change "... Attn: Chief, Magnetic Media 2 ..." to "... Attn: Chief, IRB ..."
2. For Form 1099-R on page 22 under **Excess deferrals** in the third sentence, delete "... both the excess and earnings are taxable ..." and add "... the excess is taxable ..."
3. For Form 1099-R on page 22 under **Excess contributions** in the third sentence, add "... (not including earnings) ..." after "... (and excess aggregate contributions ...". Also, in the sixth sentence beginning with "For a SARSEP...", change "April 15" to "March 15."

Note: See *Highlights of 1996 Tax Law Changes* on page 36.

Internal Revenue Service
Philadelphia Service Center
Philadelphia, PA 19255-1155

Official Business
Penalty for Private Use, \$300

Deliver to Accounting, Bookkeeping, or Tax Dept.

Peel off the name and address portion of the mailing label below (do not include the bar code portion of the label) and place it over the name and address area of Form 1096 inside the brackets.

<p>Bulk Rate Postage and Fees Paid Internal Revenue Service Permit No. G-48</p>

Do Not Forward

E C R L O T

Highlights of 1996 Tax Law Changes

Recent legislation affects some of the information contained in the 1996 Instructions for Forms 1099, 1098, 5498, and W-2G. You should consider the following when reading these instructions.

1. You are now required to include the **telephone number of a person to contact** on the following statements to recipients: Forms W-2G, 1098, 1099-A, 1099-B, 1099-DIV, 1099-G (excluding state or local income tax refunds), 1099-INT, 1099-MISC (excluding fishing boat proceeds), 1099-OID, 1099-PATR, and 1099-S. This applies to the 1996 statements due to recipients by January 31, 1997. However, penalties for failure to include the telephone number on 1996 statements generally are waived. See Ann. 96-88, 1996-38, I.R.B. 150.
2. The **\$5,000 death benefit exclusion** was repealed for decedents who died after August 20, 1996. Therefore, in box 7 of Form 1099-R, do not use Code B or C for payments made with respect to employees who died after August 20, 1996.
3. There is a new **simplified method for taxing annuity payments** from qualified plans. If the annuity starting date is after November 18, 1996, you must use the new rule contained in section 72(d) to compute the taxable amount to enter in box 2b of Form 1099-R.
4. The **penalty provisions** of sections 6721 through 6724 have been amended to include the 1996 Form 1099-R and statements to recipients.
5. Reporting requirements for **Form 1099-R** have been modified. Distributions are not reportable unless they aggregate **\$10** or more in any calendar year. This applies to the 1996 Form 1099-R and statements.
6. Generally, for payments after August 20, 1996, punitive **damages** and damages for nonphysical injuries or sickness (such as employment discrimination or defamation) are taxable. Therefore, you must report them in box 3 of Form 1099-MISC. For more information, see **Pub. 553**, Highlights of 1996 Tax Changes.