

Announcement 98-104

This announcement corrects several errors made in Rev. Proc. 98-35, 1998-21 I.R.B. 6, reprinted as Publication 1220, which describes the specifications for filing Forms 1098, 1099, 5498, and W-2G Magnetically or Electronically.

A. The IRA/SEP/SIMPLE Indicator for Form 1099-R found in Field Position 548 of the Payee "B" Record may be used in certain cases with Distribution Codes G and H (which are reported in Field Positions 545 or 546). Distribution Code G may be used with the IRA/SEP/SIMPLE Indicator for Tax Year 1998 when contributions to a First IRA are recharacterized

as contributions to a Second IRA. Distribution Code H may be used when a distribution from a conduit IRA is payable to the trustee or is transferred to an employer plan. To incorporate this information, the following changes should be made to Publication 1220: **(1) In Part A, Section 19, Items 13 and 14 should be deleted. (2) In Part B, Section 10(14), Field Positions 545-546, the item reading, “** Distribution Codes G and H cannot be used in combination with the IRA/SEP/SIMPLE Indicator in Field Position 548,” should be deleted. (3) Part B, Section 10(14), Field Position 548, should read, “Enter “1” if the IRA/SEP/SIMPLE Indicator applies. . .”. The bold statement should read, “Do not use the indicator for an Education IRA”. The words “Roth IRA or” should be deleted.**

B. Announcement 98-72, 1998-31 I.R.B. 14, was released erroneously by IRS/Martinsburg Computing Center regarding the Form 5498 and Form 5498-MSA due dates, which in turn impacted the information contained in Publication 1220. However, this information may appear correctly in some versions of this publication, specifically those downloaded from various bulletin boards and web sites. To clarify this misstatement and any other misinformation that may be circulating, that may be circulating, the due dates for Form 5498 and Form 5498-MSA should read as follows:

Participant Copy – June 1, 1999*
IRS Copy – June 1, 1999*

*This is due to the actual due date falling on the Memorial Day Holiday (May 31, 1999).

C. In Part A, Section 13, a portion of the Guidelines for Filing Corrected Returns Magnetically/Electronically was left out. Under Error Made on the Original Return #2, step F for filing the corrected return should read, “Corrected returns submitted to IRS/MCC using “G” coded “B” Records may be on the same file as those returns submitted without the “G” code; however, separate “A” Records are required.”

D. In Part A, Section 16, Combined Federal State Filing Program, the state of Minnesota and the corresponding code of 27 were dropped from the program in error. Table 1. Participating States and Their Codes, and Table 2. Dollar Criteria For State Reporting should include the following information:

Table 1. Participating States and Their Codes

State	Code	State	Code	State	Code
Alabama	01	Indiana	18	Montana	30
Arizona	04	Iowa	19	New Jersey	34
Arkansas	05	Kansas	20	New Mexico	35
California	06	Maine	23	North Dakota	38
Delaware	10	Massachusetts	25	Oregon	41
District of Columbia	11	Minnesota	27	South Carolina	45
Georgia	13	Mississippi	28	Tennessee	47
Hawaii	15	Missouri	29	Wisconsin	55
Idaho	16				

Table 2. Dollar Criteria for State Reporting

State	1099-DIV	1099-G	1099-INT	1099-MISC	1099-OID	1099-PATR	1099-R	5498
Alabama	\$1500	\$ NR	\$1500	\$1500	\$1500	\$1500	\$1500	NR
Arkansas	100	2500	100	2500	2500	2500	2500	^a
District of Columbia ^b	600	600	600	600	600	600	600	NR
Hawaii	10	^a	10	600	10	10	600	^a
Idaho	NR	NR	NR	600	NR	NR	^a	^a
Iowa	10	10	10	600	10	10	10	^a
Minnesota	10	10	10	600	10	10	600	^a
Mississippi	600	600	600	600	600	600	600	NR
Missouri	NR	NR	NR	1200 ^c	NR	NR	NR	NR
Montana	10	10	10	600	10	10	600	^a
New Jersey	1000	1000	1000	1000	1000	1000	1000	NR
Tennessee	100	NR	100	NR	NR	NR	NR	NR
Wisconsin	NR	NR	NR	600	NR	NR	600	NR

The preceding list is for information purposes only. The state filing requirements are subject to change by the states. For complete information on state filing requirements, contact the appropriate state tax agencies.

Filing requirements for states in Table 1 not shown in Table 2 are the same as the federal requirement.

NR = No filing requirement.

Footnotes:

- a. All amounts are to be reported.
- b. Amounts are for aggregates of several types of income from the same payer.
- c. Missouri would prefer those returns filed with respect to non-Missouri residents to be sent directly to its state agency.

E. Part B, Section 4.08(b) incorrectly states the acceptable sizes of Quarter Inch Cartridges(QIC). **Quarter Inch Cartridges with a size of QIC-11 or QIC-1350 are not acceptable.**

F. Part B, Section 5.01(b)(2), incorrectly stated the save command for 5¼" diskettes recorded using EBCDIC on an AS400 system. The correct statement should read, "The save command for AS400 is SAVS36F."

G. In Part B, Section 6, Field Positions 296-303 of the Transmitter "T" Record, listing the Total Number of Payees, is identified as a required field. IRS/MCC encourages filers to complete the information as requested; however, filers are

not required to report this information for Tax Year 1998. The location of the Total Number of Payees field will be revisited for Tax Year 1999 filing.

H. In Part B, Section 8, information in Field Positions 28-39 of the Payer "A" Record, describing Amount Code 1 for the Form 5498, was listed incorrectly. The correct information is as follows:

<i>Amount Code</i>	<i>Amount Type</i>
1	IRA contributions (other than amounts in Amount Codes 2, 3, 7, 8, 9 and A)