

Rev. Proc. 99-46

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(Contains copies of Forms 4419, 4804, 4802, 8508 and 8809 for taxpayers' use.)

NOTE: Use this revenue procedure to prepare Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips, for submission to Internal Revenue Service (IRS) using any of the following:

- Magnetic Tape
- 3 ½-inch Diskette
- Tape Cartridges
- 8mm, 4mm and Quarter Inch Cartridges (QIC)
- Electronic Filing

Please read this publication carefully. Persons required to file may be subject to penalties if they do not follow the instructions in this revenue procedure.

TABLE OF CONTENTS

PART A. GENERAL

SECTION 1.	PURPOSE
SECTION 2.	NATURE OF CHANGES
SECTION 3.	WHERE TO FILE AND HOW TO CONTACT THE IRS MARTINSBURG COMPUTING CENTER
SECTION 4.	FILING REQUIREMENTS
SECTION 5.	REQUEST FOR WAIVER FROM FILING INFORMATION RETURNS ON MAGNETIC MEDIA
SECTION 6.	APPLICATION FOR MAGNETIC/ELECTRONIC REPORTING
SECTION 7.	FILING OF FORM 8027 MAGNETICALLY/ELECTRONICALLY
SECTION 8.	FILING DATES
SECTION 9.	EXTENSIONS OF TIME TO FILE
SECTION 10.	PROCESSING OF MAGNETIC/ELECTRONIC RETURNS
SECTION 11.	PENALTIES
SECTION 12.	CORRECTED RETURNS, SUBSTITUTE FORMS, AND COMPUTER-GENERATED FORMS
SECTION 13.	EFFECT ON PAPER RETURNS
SECTION 14.	DEFINITIONS

PART B. MAGNETIC/ELECTRONIC SPECIFICATIONS

SECTION 1.	GENERAL
SECTION 2.	TAPE SPECIFICATIONS
SECTION 3.	DISKETTE SPECIFICATIONS
SECTION 4.	TAPE CARTRIDGE SPECIFICATIONS
SECTION 5.	8MM, 4MM, AND QUARTER INCH CARTRIDGE SPECIFICATIONS
SECTION 6.	ELECTRONIC FILING SPECIFICATIONS
SECTION 7.	RECORD FORMAT AND LAYOUT
SECTION 8.	EFFECT ON OTHER DOCUMENTS
SECTION 9.	EFFECTIVE DATE

26 CFR 601.602: Tax forms and instructions.

PART A. GENERAL

SEC. 1. PURPOSE

.01 Form 8027 is used by large food or beverage establishments when the employer is required to make annual reports to the IRS on receipts from food or beverage operations and tips reported by employees.

Note: All employees receiving \$20.00 or more a month in tips must report 100% of their tips to their employer

.02 The Internal Revenue Service Martinsburg Computing Center (IRS/MCC) has the responsibility of processing Forms 8027 submitted magnetically/electronically. The purpose of this revenue procedure is to provide the specifications for filing Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips, magnetically or electronically. This revenue procedure is updated when legislative changes occur or reporting procedures are modified. Major changes have been emphasized by italics.

.03 This revenue procedure supersedes the following: Rev. Proc. 98-52 published as Publication 1239 (9-98), Specifications for Filing Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips, Magnetically or Electronically.

SEC. 2. NATURE OF CHANGES

.01 Numerous editorial changes have been made to the revenue procedure. Please read the publication carefully and in its entirety before attempting to prepare your magnetic/electronic file for submission. Major changes have been emphasized by using italics. The changes are as follows:

- (a) Updated information on IRS/MCC's mailing addresses, telephone numbers and the Call Site is provided in Part A, Sec. 3.
- (b) Part A, Sec. 7 Test Files has been deleted.
- (c) The due date for Forms 8027 filed *electronically* has been changed to March 31.
- (d) Copies of approved extension letters should be sent with paper filings to Andover Service Center. See Part A, Sec. 9 for complete instructions.

- (e) The Information Reporting Program-Bulletin Board System (IRP-BBS) is no longer in use. The information in Part B, Sec. 6 Asynchronous (IRP-BBS) electronic filing specifications has been completely revised to provide instructions on the new electronic filing system known as the Filing Information Returns Electronically (FIRE) system.
- (f) The new number for the electronic filing system is 304-262-2400
- (g) The following types of media are no longer acceptable by IRS/MCC:
- (1) 5 ¼ inch diskettes
 - (2) 3 ½ inch diskettes created on a non-MS-DOS systems
 - (3) 3 ½ inch diskettes created on a System 36 or AS400.
- (h) The following QIC (quarter inch cartridge) sizes has been deleted from Part B, Section 5:

Size	Tracks	Density	Capacity
QIC-11	4/5	4 (8000 BPI)	22Mb or 30Mb
QIC-320	26	17 (16000 BPI)	320Mb
QIC-1350	30	18 (51667 BPI)	1.3Gb

SEC. 3. WHERE TO FILE AND HOW TO CONTACT THE IRS MARTINSBURG COMPUTING CENTER

.01 All Forms 8027 filed magnetically or electronically are processed at IRS/MCC and are to be sent to the following address:

IRS-Martinsburg Computing Center
Information Reporting Program
230 Murall Dr
Kearneysville WV 25430

.02 Requests for paper forms and publications should be requested by calling the "Forms Only Number" listed in your local telephone directory or by calling the IRS toll-free number **1-800-TAX-FORM (1-800-829-3676)**.

.03 Questions pertaining to magnetic media filing of Forms W-2 **must** be directed to the Social Security Administration (SSA). Filers can call *1-800-SSA-6270* to obtain the phone number of the SSA Employer Services Liaison Officers for their area.

.04 A taxpayer or authorized representative may request a copy of a tax return or a Form W-2 filed with a return by submitting Form 4506, Request for Copy or Transcript of Tax Form, to IRS. This form may be obtained by calling **1-800-TAX-FORM (1-800-829-3676)**.

.05 The Information Reporting Program (IRP) Call Site, located at the Martinsburg Computing Center, provides service to the payer/employer community (financial institutions, employers, and other transmitters of information returns). The IRP Call Site answers questions concerning tax law and magnetic/electronic filing of Forms 8027 and other information returns (Forms 1096, 1098, 1099, 5498, W-2G, W-3, 1042-S), questionable Forms W-4, inquiries dealing with backup withholding due to missing and incorrect taxpayer identification numbers and questions concerning paper filing of Forms W-2. Recipients of information returns (payees) should continue to contact 1-800-829-1040 or other numbers specified in the tax return instructions with any questions on how to report tax returns.

The Call Site accepts calls from all areas of the country. The number to call is **304-263-8700** or Telecommunications Device for the Deaf (TDD) **304-267-3367**. These are toll calls. Hours of operation for the Call Site are Monday through Friday, 8:30 a.m. to 4:30 p.m. Eastern Time. The Call Site is in operation throughout the year to handle the questions of payers, transmitters, and employers. Due to the high demand for assistance at the end of January and February, it is advisable to call as soon as possible to avoid these peak filing seasons.

.06 The telephone numbers for magnetic media inquiries or electronic submissions are:

304-263-8700 - Call Site
304-262-2400 - Electronic Filing
304-267-3367 - TDD (Telecommunication Device for the Deaf)
304-264-5602 - Fax Machine

(These are not toll-free telephone numbers.)

TO OBTAIN FORMS & PUBLICATIONS, CALL:
1-800-TAX-FORM(1-800-829-3676)

TO OBTAIN FORMS & PUBLICATIONS VIA THE INTERNET:
www.irs.gov

SEC. 4. FILING REQUIREMENTS

.01 Section 6011(e)(2)(A) of the Internal Revenue Code requires that any person, including corporations, partnerships, individuals, estates, and trusts, required to file 250 or more information returns must file such returns on magnetic media.

.02 The filing requirements apply separately to both original and corrected returns.

.03 Filing electronically through the FIRE system with IRS/MCC fulfills the magnetic media filing requirement.

.04 The above requirements do not apply if you establish undue hardship (see Part A, Sec. 5).

SEC. 5. REQUEST FOR WAIVER FROM FILING INFORMATION RETURNS ON MAGNETIC MEDIA

.01 If an employer is required to file on magnetic media but fails to do so (or fails to file electronically, in lieu of magnetic media filing) and does not have an approved waiver on record, the employer will be subject to a penalty of \$50 per return in excess of 250.

.02 If employers are required to file original or corrected returns on magnetic media, but such filing would create a hardship, they may request a waiver from these filing requirements by submitting Form 8508, Request for Waiver From Filing Information Returns on Magnetic Media, to IRS/MCC.

.03 Even though an employer may submit as many as 250 corrections on paper, IRS encourages magnetically or electronically submitted corrections. Once the 250 threshold has been met, filers are required to submit any additional returns magnetically or electronically. However, if a waiver for an original filing is approved, any corrections for the same type of returns will be covered under this waiver.

.04 Generally, only the employer may sign the Form 8508. A transmitter may sign if given power of attorney; however, a letter signed by the employer stating this fact must be attached to the Form 8508.

.05 A transmitter must submit a separate Form 8508 for each employer. Do not submit a list of employers.

.06 All information requested on the Form 8508 must be provided to IRS for the request to be processed.

.07 The waiver, if approved, will provide exemption from magnetic media filing for the current tax year only. Employers may not apply for a waiver for more than one tax year at a time; application must be made each year a waiver is necessary.

.08 Form 8508 may be photocopied or computer-generated as long as it contains all the information requested on the original form.

.09 Filers are encouraged to submit Form 8508 to IRS/MCC at least 45 days before the due date of the returns.

.10 **File Form 8508 for Forms W-2 with IRS/MCC, not SSA.**

.11 Waivers are evaluated on a casebycase basis and are approved or denied based on criteria set forth under section 6011(e) of the Internal Revenue Code. The transmitter must allow a minimum of 30 days for IRS/MCC to respond to a waiver request.

.12 If a waiver request is approved, the transmitter should keep the approval letter on file.

.13 An approved waiver from filing Forms 8027 on magnetic media does not provide exemption from all filing. The employer must timely file Form 8027 on acceptable paper forms with the Andover Service Center. ***The transmitter should also send a copy of the approved waiver to the Andover Service Center where the paper returns are filed.***

SEC. 6. APPLICATION FOR MAGNETIC/ELECTRONIC REPORTING

.01 For the purposes of this revenue procedure, the EMPLOYER is the organization supplying the information and the TRANSMITTER is the organization preparing the magnetic/electronic file and/or sending the file to IRS/MCC. The employer and the transmitter may be the same entity. Employers or their transmitters are required to complete Form 4419, Application for Filing Information Returns Magnetically/Electronically.

.02 Form 4419 can be submitted at any time during the year; however, it should be submitted to IRS/MCC at least 30 days before the due date of the return(s). IRS will act on an application and notify the applicant, in writing, of authorization to file. A five-character alpha/numeric Transmitter Control Code (TCC) will be assigned and included in an acknowledgment letter within 15 to 45 days of receipt of the application. Magnetic/electronic returns may not be filed with IRS until the application has been approved and a TCC assigned. Include your TCC in any correspondence with IRS/MCC.

.03 If you file information returns other than Form 8027 on magnetic media, you must obtain a separate TCC for those types of returns. The TCC assigned for Forms 8027 is to be used for the processing of these forms only.

.04 Upon approval, a magnetic media reporting package containing the current revenue procedure, forms, and instructions will be sent to the attention of the contact person indicated on Form 4419. Annually, thereafter, IRS/MCC will send the transmitter a package containing the current revenue procedure and forms. This package will continue to be sent to the contact person indicated on the Form 4419 unless IRS/MCC has been notified in writing of any changes or updates. After you have received approval to file magnetically/electronically, you do not need to reapply each year; however, notify IRS in writing if:

(a) You change your name or the name of your organization, so that your files may be updated to reflect the proper name;

(b) You discontinue filing on magnetic media for two years (your TCC may have been reassigned).

.05 For filers who plan to submit for multiple employers, IRS encourages transmitters to submit one application and to use one TCC for all employers.

.06 Only employers or transmitters using equipment compatible with IRS equipment will have their application approved.

.07 If your magnetic media files have been prepared for you in the past by a transmitter, and you now have computer equipment compatible with that of IRS and wish to prepare your own files, you must request your own five-character alpha/numeric TCC by filing an application, Form 4419, as described in Sec. 6.02.

SEC. 7. FILING OF FORM 8027 MAGNETICALLY/ELECTRONICALLY

.01 Form 4804, Transmittal of Information Returns Reported Magnetically/Electronically, must accompany **all** magnetic media shipments. If you file for multiple employers and have the authority to sign the affidavit on Form 4804, you should also submit Form 4802, Transmittal of Information Returns Reported Magnetically/Electronically (Continuation). For electronic transmissions, the Form 4804 and Form 4802, if applicable, must be mailed or faxed the same day as the electronic transmission.

.02 The employer **MUST** sign Form 4804; however, an agent (transmitter, service bureau, paying agent, or disbursing agent) may sign Form 4804 for the employer. To do this, the agent must have the authority to sign for the employer under an agency agreement (either oral, written, or implied) that is valid under the state law and must add to his or her signature the caption "For: (name of employer)".

NOTE: Failure to sign the Form 4804 may delay processing or will result in your file being returned to you unprocessed.

.03 Although a duly authorized agent may sign the Form 4804, the employer is responsible for the accuracy of the Form 4804 and the returns filed. The employer will be liable for penalties for failure to comply with filing requirements.

.04 Be sure to include Form 4804, 4802 or computer-generated substitutes with your magnetic media shipment. **DO NOT MAIL YOUR MAGNETIC MEDIA AND THE TRANSMITTAL DOCUMENTS SEPARATELY.**

.05 Indicate on Form 4804, in the block captioned "Combined Total Payee Records," the total number of establishments being reported in this shipment. This figure should match the total number of records in your magnetic/electronic file.

.06 **DO NOT SUBMIT THE SAME INFORMATION ON PAPER FORMS THAT YOU SUBMIT MAGNETICALLY/ELECTRONICALLY.** This does not mean that corrected documents are not to be filed. If a return has been prepared and submitted improperly, you must file a corrected return as soon as possible. Refer to Part A, Sec. 12 for requirements and instructions for filing corrected returns.

.07 If an allocation of tips is based on a good faith agreement, a copy of this agreement must accompany the submission.

.08 If, under Rev. Proc. 86-21, 1986-1 C.B. 560, the District Director granted the establishment a percentage of gross receipts of less than 8%, a copy of the determination letter must be sent with the submission. Employers with more than one establishment can receive approval from one district in each Internal Revenue Service region where the establishments are located (See sec. 31.6053-3(h)(4) of the Employment Tax Regulations).

.09 Before submitting your magnetic/electronic file, include the following:

- (a) A **signed** Form 4804, Transmittal of Information Returns Reported Magnetically/Electronically, along with a Form 4802, Transmittal of Information Returns Reported Magnetically/Electronically(Continuation), if you submit data for multiple employers. These forms must be mailed or faxed the same day electronic files are submitted.
- (b) Your media (tape, diskette, or cartridge) with an external identifying label. Notice 210 describes the information which should be included on this self-prepared label.
- (c) On the outside of the shipping container, affix the label, IRB Special Projects. This label is included in this publication.

Note: See Part B, Sec. 6 for electronic submission requirements.

.10 IRS/MCC will not pay or accept "Collect on Delivery" or "Charged to IRS" shipments of reportable tax information that an individual or organization is legally required to submit.

SEC. 8. FILING DATES

.01 Magnetic/electronic reporting to IRS for Form 8027 must be on a calendar year basis. The due date of either paper or magnetically reported Forms 8027 is the last day of February. *However, Forms 8027 filed electronically are due March 31.*

.02 If the due date falls on a Saturday, Sunday, or legal holiday, filing Form 8027 on the next day that is not a Saturday, Sunday, or legal holiday will be considered timely.

SEC. 9. EXTENSIONS OF TIME TO FILE

.01 An extension of time to file may be requested for Forms 8027, 1099, 1098, 5498, W-2G, W-2, and 1042-S.

.02 Form 8809, Request for Extension of Time To File Information Returns, should be submitted to IRS/MCC. This form may be used to request an extension of time to file information returns submitted on paper, magnetically or electronically.

.03 Requesting an extension of time for multiple employers may be done by submitting Form 8809 and attaching a list of the employer names and their TINs (EIN or SSN). **The listing must be attached to ensure the extension is recorded for all employers.** Form 8809 may be computer-generated or photocopied. Be sure that all the pertinent information is included.

.04 Requests for extensions of time for multiple employers will be responded to with one approval letter, accompanied by a list of employers covered under that approval.

.05 **As soon as it is apparent** that an extension of time to file is needed, Form 8809 may be submitted. When granted, the extension will be for 30 days. It will take a minimum of 30 days for IRS/MCC to respond to an extension request. Under certain circumstances, a request for an extension of time could be denied. When a denial letter is received, any additional or necessary information may be resubmitted within 20 days. When requesting an extension of time, **do not** hold your files waiting for a response.

.06 While very difficult to obtain, if an additional extension of time is needed, a second Form 8809 must be submitted before the end of the initial extension period. Line 7 on the form should be checked to indicate that an additional extension is being requested. A second 30-day extension will be approved only in cases of extreme hardship or catastrophic events.

.07 **Form 8809 must be** postmarked no later than the due date of the return for which an extension is requested. If requesting an extension of time to file several types of forms, use one Form 8809, but the Form 8809 must be postmarked no later than the earliest due date. For example, if requesting an extension of time to file both Forms 8027 and 5498, submit Form 8809 postmarked on or before the last day of February.

.08 If an extension request is approved, the approval letter should be kept on file. The approval letter or copy of the approval letter for extension of time should **not** be sent to IRS/MCC with the magnetic/electronic file. *When submitting Form 8027 on **paper only** to the Andover Service Center, attach a copy of the approval letter. If an approval letter has not been received, send a copy of the timely filed Form 8809.*

.09 Request an extension for only one tax year.

.10 The extension request must be signed by the employer or a person who is duly authorized to sign a return, statement or other document for the employer.

.11 Failure to properly complete and sign the Form 8809 may cause delays in processing the request or result in a denial. Carefully read and follow the instructions on the back of the Form 8809.

.12 Form 8809 may be obtained by calling **1-800-TAX-FORM (1-800-829-3676)**.

Note: AN EXTENSION OF TIME TO FILE IS NOT AN EXTENSION TO ISSUE FORM W-2 COPY “A” TO THE EMPLOYEE.

.13 Request an extension of time to furnish the statements to recipients of Forms W-2 by submitting a letter to IRS/MCC containing the following information:

- (a) Employer name
- (b) TIN
- (c) Address
- (d) Type of return (W-2)
- (e) Specify that the extension request is to provide W-2 statements to recipients.
- (f) Reason for delay
- (g) Signature of employer or person duly authorized.

Requests for an extension of time to furnish the statements for Forms W-2 to recipients are not automatically approved; however, if approved, generally an extension will allow a maximum of 30 additional days from the due date to furnish the statements to the recipients. The request must be postmarked no later than the date on which the statements are due to the recipients.

SEC. 10. PROCESSING OF MAGNETIC/ELECTRONIC RETURNS

.01 All data received at IRS/MCC for processing will be given the same protection as individual returns (Form 1040). IRS/MCC will process your magnetic/electronic files to ensure the records were formatted and coded according to this revenue procedure.

.02 If the data is formatted incorrectly, the file will be returned for replacement accompanied by a letter of explanation along with a Media Tracking Slip (Form 9267). When media is returned, it is because IRS/MCC encountered errors (not limited to format) and was unable to process the media; therefore, requiring a replacement. Open all packages immediately.

.03 Files must be corrected and returned with the Media Tracking Slip (Form 9267) to IRS/MCC within 45 days from the date of the letter IRS/MCC included with the returned media. A penalty for failure to file correct information returns by the due date will be assessed if the file is not corrected and returned within the 45 days **or if the incorrect file is returned by IRS/MCC for replacement more than two times**. A penalty for intentional disregard of filing requirements will be assessed if a replacement file is not received.

.04 Files will not be returned to you after successful processing. Therefore, if you want proof that IRS/MCC received your shipment, you may use a carrier that provides proof of delivery.

.05 To distinguish between a correction and a replacement, the following definitions are provided:

- (a) A **correction** is a record submitted by the employer/transmitter to correct a record that was successfully processed by IRS, but contained erroneous information.

- (b) A **replacement** is a file that IRS has returned because of format errors or data discrepancies encountered during processing. After necessary changes have been made, the file must be returned to IRS/MCC for processing.

SEC. 11. PENALTIES

.01 The Revenue Reconciliation Act of 1989 changed the penalty provisions for any documents, including corrections, which are filed after the original filing date for the return. The penalty for failure to file correct information returns is “time sensitive,” in that prompt correction of failures to file, or prompt correction of errors on returns that were filed, can lead to reduced penalties.

- The penalty generally is \$50 for each information return that is not filed, or is not filed correctly, by the prescribed filing date, with a maximum penalty of \$250,000 per year (\$100,000 for certain small businesses with average annual gross receipts, over the most recent 3-year period, not in excess of \$5,000,000). The penalty generally is reduced to:
- \$30 for each failure to comply if the failure is corrected more than 30 days after the return was due, but on or before August 1 of the calendar year in which the return was due, with a maximum penalty of \$150,000 per year (\$50,000 for certain small businesses with average annual gross receipts, over the most recent 3-year period, not in excess of \$5,000,000).
- \$15 for each failure to comply if the failure is corrected within 30 days after the date the return was due, with a maximum penalty of \$75,000 per year (\$25,000 for certain small businesses with average annual gross receipts, over the most recent 3-year period, not in excess of \$5,000,000).

.02 Penalties can be waived if failures were due to reasonable cause and not to willful neglect. In addition, section 6721(c) of the Code provides a de minimis rule that if:

- (a) information returns have been filed but were filed with incomplete or incorrect information, and
- (b) the failures are corrected on or before August 1 of the calendar year in which the returns were due, then the penalty for filing incorrect returns (but not the penalty for filing late) will not apply to the greater of 10 returns or one-half of 1 percent of the total number of information returns you are required to file for the calendar year.

.03 **Intentional Disregard of Filing Requirements** — If any failure to file a correct information return is due to intentional disregard of the filing and correct information requirements, the penalty is at least \$100 per information return with no maximum penalty.

SEC. 12. CORRECTED RETURNS, SUBSTITUTE FORMS, AND COMPUTERGENERATED FORMS

.01 If returns must be corrected, approved magnetic/electronic filers must provide such corrections magnetically/electronically if you have 250 or more. If your information is filed magnetically/electronically, corrected returns are identified by using the “Corrected 8027 Indicator” in field position 370 of the employer record. Form 4804 must accompany the shipment, and the box for correction should be marked in Block 1 of the form. (See Part A, Sec. 10.05 for the definition of corrections.)

.02 If corrections are not submitted on magnetic media, employers must submit them on official Forms 8027. Substitute forms that have been previously approved by IRS, or computergenerated forms that are exact facsimiles of the official form (except for minor page size or print style deviations), may be submitted without obtaining IRS approval before using the form.

.03 Employers/establishments may send corrected paper Forms 8027 to IRS at the address shown in Part A, Sec. 13.01. Corrected paper returns are identified by marking the “AMENDED” check box on Form 8027.

SEC. 13. EFFECT ON PAPER RETURNS

.01 If you are filing more than one paper Form 8027, you must attach a completed Form 8027T, Transmittal of Employer’s Annual Information Return of Tip Income and Allocated Tips, to the Forms 8027 and send to:

Internal Revenue Service Center
Andover, MA 05501

IRS/MCC processes Forms 8027 submitted magnetically/electronically only. Do not send paper Forms 8027 to IRS/MCC.

.02 If part of a submission is filed magnetically/electronically and the rest of the submission is filed on paper Forms 8027, send the paper forms to the Andover Service Center. For example, you filed your Forms 8027 magnetically/electronically with IRS/MCC, and later you found that some of the forms you filed need correcting. Because of the low volume of corrections, you submit the corrections on paper Forms 8027. You must send these corrected Forms 8027 along with Form 8027-T to the Andover Service Center.

SEC. 14. DEFINITIONS

ELEMENT	DESCRIPTION
EIN	A nine-digit Employer Identification Number which has been assigned by IRS to the reporting entity.
Employer	The organization supplying their information.
Establishment	A large food or beverage establishment that provides food or beverage for consumption on the premises; where tipping is a customary practice; and where there are normally more than 10 employees who work more than 80 hours on a typical business day during the preceding calendar year.
More than 10 employees	An employer is considered to have more than 10 employees on a typical business day during the calendar year if half the sum of: the average number of employee hours worked per business day in the calendar month in which the aggregate gross receipts from food and beverage operations were greatest, plus the average number of employee hours worked per business day in the calendar month in which the total aggregate gross receipts from food and beverage operations were the least, equals more than 80 hours.
Employees hours worked	The average number of employee hours worked per business day during a month is figured by dividing the total hours worked during the month by all your employees who are employed in a food or beverage operation by the average number of days in the month that each food or beverage operation at which these employees worked was open for business.
File	For the purpose of this revenue procedure, a file consists of all magnetic/electronic records submitted by an Employer or Transmitter.
Transmitter	Person or organization preparing magnetic/electronic file(s). May be Employer or agent of Employer.
Transmitter Control Code (TCC)	A five-character alpha/numeric code assigned by IRS to the transmitter prior to actual filing magnetically/electronically. This number is inserted in the record and must be present. An application (Form 4419) must be filed with IRS to receive this number.
Replacement	A replacement is an information return that IRS/MCC has returned to the transmitter due to errors encountered during processing.
Correction	A correction is an information return submitted by the transmitter to correct an information return that was previously submitted to and processed by IRS/MCC, but contained erroneous information.

PART B. MAGNETIC/ELECTRONIC SPECIFICATIONS

SEC. 1. GENERAL

.01 The magnetic/electronic specifications contained in this part of the revenue procedure define the required format and contents of the records to be included in the file.

.02 A self-prepared media label must be affixed to each piece of media submitted for processing. Notice 210 provides instructions on how to complete a self-prepared media label.

.03 The record format in Part B, Sec. 7, applies to both magnetic and electronic files.

SEC. 2. TAPE SPECIFICATIONS

.01 In most instances, IRS/MCC can process any compatible tape files. Compatible tape files must meet any one set of the following:

- (a) 9-track EBCDIC (Extended Binary Coded Decimal Interchange Code) with;
 - (1) Odd Parity and
 - (2) A density of 1600 or 6250 BPI.
 - (3) If you use Unisys Series 1100, you must submit an interchange tape.
- (b) 9-track ASCII (American Standard Coded Information Interchange) with;
 - (1) Odd Parity and
 - (2) A density of 1600 or 6250 BPI.

Please be consistent in the use of recording codes and density on your files. If files are generated in more than one recording code and/or density, multiple shipments would be appreciated.

.02 All compatible tape files must have the following characteristics:

- (a) ½ inch mylar base, oxide coated; computer grade magnetic tape on reels up to 2400 feet (731.52 m) within the following specifications:
 - (1) Tape thickness: 1.0 or 1.5 mils
 - (2) Reel diameter: 10.5 inch (26.67 cm), 8.5 inch (21.59 cm), or 7 inch (17.78 cm).

.03 All records have a fixed record length of 372 positions.

.04 The tape record defined in this revenue procedure may be blocked or unblocked, subject to the following:

- (a) All records except the header and trailer labels may be blocked.
- (b) If records are blocked, the block can not exceed 32,736 tape positions. The block length must be evenly divisible by 372
- (c) If the use of blocked records would result in a short block, all remaining positions of the block **MUST** be filled with 9's.
DO NOT PAD A BLOCK WITH BLANKS. Padding a block with blanks will result in a short record, which will cause math computation errors. Your tape will then be returned for replacement.

.05 For the purposes of this revenue procedure, the following conventions must be used:

Header label:

- (a) Transmitters may use standard headers provided they begin with 1HDR, HDR1, VOL1, or VOL2.
- (b) Consists of a maximum of 80 positions.
- (c) Header and trailer labels are optional unless more than one reel is being submitted. If more than one reel is being submitted, header and trailer labels are required. **IRS/MCC PREFERS STANDARD OR ANSI LABELED TAPES. IF YOU SUBMIT AN UNLABELED TAPE, THIS MUST BE INDICATED ON THE EXTERNAL LABEL AND ON THE FORM 4804 OR COMPUTERGENERATED SUBSTITUTE.**

Trailer label:

- (a) Standard trailer labels may be used provided that they begin with 1EOR, 1EOF, EOVS1, or EOVS2.
- (b) Consists of a maximum of 80 positions.
- (c) Header and trailer labels are optional unless more than one reel is being submitted. If more than one reel is being submitted, header and trailer labels are required.

Tape Mark:

- (a) Used to signify the physical end of the recording on tape.
- (b) May follow the header label and precede and/or follow the trailer label.

SEC. 3. DISKETTE SPECIFICATIONS

IRS/MCC has discontinued processing 5 ¼ inch diskettes. Filers who use 5 ¼ inch diskettes must now use another method of submitting information returns magnetically/electronically.

.01 To be compatible, a diskette file must meet the following specifications:

- (a) 3 ½ inches in diameter.
- (b) Data must be recorded in standard ASCII code.
- (c) Records must be fixed length of 372 bytes.
- (d) Delimiter character commas (,) must not be used.
- (e) Positions 371 and 372 of each record have been reserved for carriage return/line feed (cr/lf) characters.
- (f) Filename of ATMTAX must be used. Do not enter any other data in this field. If a file will consist of more than one diskette, the filename will contain a 3-digit extension. This extension will indicate the sequence of the diskette within the file. For example, the first diskette will be named ATMTAX.001, the second diskette will be ATMTAX.002, etc.
- (g) A file may contain more than one diskette as long as the filename conventions are adhered to.
- (h) Diskettes must meet one of the following specifications:

Capacity	Tracks	Sides/Density	Sector Size
1.44 mb	96tpi	hd	512
1.44 mb	135tpi	hd	512
1.2 mb	96tpi	hd	512

.02 IRS requires that 3 ½ inch diskettes be created using MS/DOS. *Diskettes created using other operating systems are not acceptable.*

.03 *Deviations from the prescribed format are not acceptable.*

SEC. 4. TAPE CARTRIDGE SPECIFICATIONS

.01 In most instances, IRS/MCC can process tape cartridges that meet the following specifications:

- (a) Must be IBM 3480, 3490, 3490E, or AS400 compatible.
- (b) Must meet American National Standard Institute (ANSI) standards, and have the following characteristics:
 - (1) Tape cartridges must be ½-inch tape contained in plastic cartridges which are approximately 4-inches by 5-inches by 1-inch in dimension.
 - (2) Magnetic tape must be chromium dioxide particle based ½-inch tape.
 - (3) Cartridges must be 18-track or 36-track parallel (See **Note**).
 - (4) Cartridges must contain 37,871 CPI or 75,742 CPI (characters per inch).
 - (5) Mode must be full function.
 - (6) The data may be compressed using EDRC (Memorex) or IDRC (IBM) compression.
 - (7) Either EBCDIC (Extended Binary Coded Decimal Interchange Code) or ASCII (American Standard Coded Information Interchange) may be used.

.02 The tape cartridge records defined in this revenue procedure may be blocked subject to the following:

- (a) A block **must not** exceed 32,736 tape positions.
- (b) If the use of blocked records would result in a short block, all remaining positions of the block must be filled with 9s; however, the last block of the file may be filled with 9s or truncated. **Do not pad a block with blanks.**
- (c) All records, except the header and trailer labels, may be blocked or unblocked. A record may not contain any control fields or block descriptor fields which describe the length of the block or the logical records within the block. The number of logical records within a block (the blocking factor) must be constant in every block with the exception of the last block which may be shorter (see item b above). The block length must be evenly divisible by 372.
- (d) Records may not span blocks.

.03 Tape cartridges may be labeled or unlabeled.

.04 For the purposes of this revenue procedure, the following must be used:

Tape Mark:

- (a) Used to signify the physical end of the recording on tape.
- (b) For even parity, use BCD configuration 001111 (8421).
- (c) May follow the header label and precede and/or follow the trailer label.

Note: Filers should indicate on the external media label and transmittal Form 4804 whether the cartridge is 36-track or 8-track.

SEC. 5. 8MM, 4MM, AND QUARTER INCH CARTRIDGE SPECIFICATIONS

.01 In most instances, IRS/MCC can process 8mm tape cartridges that meet the following specifications:

- (a) Must meet American National Standard Institute (ANSI) standards, and have the following characteristics.
- (b) Created from an AS400 operating system only.
- (c) 8mm (.315-inch) tape cartridges must be 2 ½-inch by 3 ¾-inch.
- (d) The 8mm tape cartridges must meet the following specifications:

Tracks	Density	Capacity
1	20 (43245 BPI)	2.5 Gb
1	21 (45434 BPI)	5 Gb

- (e) Mode must be full function.
- (f) Compressed data is not acceptable.
- (g) Either EBCDIC (Extended Binary Coded Decimal Interchange Code) or ASCII (American Standard Coded Information Interchange) may be used. However, IRS/MCC encourages the use of EBCDIC. This information must appear on the external media label affixed to the cartridge.
- (h) A file may consist of more than one cartridge, however, no more than 250,000 documents may be transmitted per file or per cartridge. The filename, for example; ATMTAX, will contain a three digit extension. The extension will indicate the sequence of the cartridge within the file 1 of 3, 2 of 3, and 3 of 3 and would appear in the header label ATMTAX.001, ATMTAX.002, and ATMTAX.003 on each cartridge of the file.

.02 The 8mm (.315-inch) tape cartridge records defined in this revenue procedure may be blocked subject to the following:

- (a) A block **must not** exceed 32,736 tape positions.
- (b) If the use of blocked records would result in a short block, all remaining positions of the block must be filled with 9's; however, the last block of the file may be filled with 9's or truncated. **Do not pad a block with blanks.**

(c) All records, except the header and trailer labels, may be blocked or unblocked. A record must not contain any control fields or block descriptor fields which describe the length of the block or the logical records within the block. The number of logical records within a block (the blocking factor) must be constant in every block with the exception of the last block which may be shorter (see item (b) above). The block length must be evenly divisible by 372.

(d) Records must not span blocks.

(e) No more than 250,000 documents per cartridge and per file.

.03 Various COPY commands have been successful; however, the SAVE OBJECT COMMAND is not acceptable.

.04 For faster processing, IRS/MCC encourages transmitters to use header labeled cartridges. ATMTAX may be used as a suggested filename.

.05 For the purposes of this revenue procedure, the following must be used:

Tape Mark:

(a) Used to signify the physical end of the recording on tape.

(b) For even parity, use BCD configuration 001111 (8421).

(c) May follow the header label and precede and/or follow the trailer label.

.06 IRS/MCC can only read one data file on a tape. A data file is a group of records which may or may not begin with a tapemark, but must end with a trailer label. Any data beyond the trailer label cannot be read by IRS programs.

.07 4mm (.157-inch) cassettes are now acceptable with the following specifications:

(a) 4mm cassettes must be 2 ¼-inch by 3-inch.

(b) The tracks are 1 (one).

(c) The density is 19 (61000 BPI).

(d) The typical capacity is DDS (DAT data storage) at 1.3 Gb or 2 Gb, or DDS-2 at 4 Gb.

(e) The general specifications for 8mm cartridges will also apply to the 4mm cassettes.

.08 Various Quarter Inch Cartridges (QIC) (¼-inch) are also acceptable.

(a) QIC cartridges must be 4" by 6".

(b) QIC cartridges must meet the following specifications:

Size	Tracks	Density	Capacity
QIC-24	8/9	5 (8000 BPI)	45Mb or 60Mb
QIC-120	15	15 (10000 BPI)	120Mb or 200Mb
QIC-150	18	16 (10000 BPI)	150Mb or 250Mb
QIC-525	26	17 (16000 BPI)	525Mb
QIC-1000	30	21 (36000 BPI)	1Gb
QIC-2Gb	42	34 (40640 BPI)	2Gb

(c) The general specifications that apply to 8mm cartridges will also apply to QIC cartridges.

SEC. 6. ELECTRONIC FILING SPECIFICATIONS

01. IRS/MCC is in the process of updating all of its hardware and software for electronic filing. As a result, effective October 31, 1999, the Information Reporting Program Bulletin Board System (IRP-BBS) and 3780 bisynchronous electronic filing systems will be discontinued. Starting November 1, 1999, users will be able to access the new electronic system via analog and ISDN BRI connections. Bisynchronous electronic filing will no longer be supported. The new system is designed to support the electronic filing of information returns only. The new telephone number for electronic filing is **1-304-262-2400**. Publications and forms will no longer be electronically available from MCC. Users needing the publications and forms that were formerly available on the IRP-BBS will need to download them from the IRS website at www.irs.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

.02 Electronic filing of Forms 8027, originals' replacements and corrections, is offered as an alternative to magnetic media (tape, tape cartridge, or diskette) or paper filing, but is not a requirement. Transmitters filing electronically will fulfill the magnetic media requirements for those payers who are required to file magnetically. It may also be used by payers who are under the filing threshold requirement, but would prefer to file their information returns this way. If the original file was sent magnetically, but was returned for replacement, the replacement may be transmitted electronically.

.03 The electronic filing of Forms 8027 is not affiliated with the Form 1040 electronic filing program. These two programs are totally independent, and filers must obtain separate approval to participate in each of them. All inquiries concerning the electronic filing of information returns should be directed to IRS/MCC. IRS/MCC personnel cannot answer questions or assist taxpayers in the filing of Form 1040 tax returns. Filers with questions of this nature will be directed to the Customer Service toll-free number (**1-800-829-1040**) for assistance.

.04 Filers participating in the electronic filing program for Forms 8027 will submit their returns to IRS/MCC electronically and not through magnetic media or paper filing. Files submitted in this manner will be in standard ASCII code.

.05 The format of the record is the same for electronically filed records as they are for 3 ½-inch diskettes, tapes, and tape cartridges and must be in standard ASCII code.

.06 Filers must obtain, or already have, a Transmitter Control Code (TCC) assigned to them prior to submitting their files electronically. (Filers who currently have a TCC for magnetic media filing do not have to request a second TCC for electronic filing.) Refer to Part A, Sec. 6, for information on how to obtain a TCC.

.07 Once a TCC is obtained, electronic filers assign their own passwords and do not need prior or special approval.

.08 With all passwords, it is the user's responsibility to remember the password and not allow the password to be compromised. *Passwords are user assigned at first logon and are up to 8 alpha/numerics, which are case sensitive.* However, if filers do forget their password, call **304-263-8700** for assistance.

Note: Passwords are case sensitive.

.09 Electronically filed Forms 8027 may be submitted to IRS/MCC 24 hours a day, 7 days a week. Technical assistance will be available Monday through Friday between 8:30 a.m. and 4:30 p.m. Eastern Time by calling 304-263-8700.

.10 Do not transmit data electronically from January 1 through January 5. This will allow time for IRS/MCC to update its system to reflect current year changes.

.11 Data compression is encouraged when submitting Forms 8027 electronically. MCC has the ability to decompress files created using several popular software compression programs such as ARC, COMPRESS, LHARC, and PKZIP. The time required to transmit Forms 8027 electronically will vary depending on the modem speed and the type of data compression used, if any. **The time required to transmit a file can be reduced by as much as 85 percent by using software compression and hardware compression.** The following are actual transmission rates for Forms 1099 achieved in test uploads at MCC using compressed files. The actual transmission rates will vary depending on the modem speeds.

Transmission Speed in bps	1000 Records	10,000 Records	100,000 Records
19.2K	34 Sec.	6 Min.	60 Min.
56K	20 Sec.	3 ½ Min.	33 Min.
128K (ISDN)	8 Sec.	1 Min.	10 Min.

.12 *Files submitted electronically will be assigned a unique filename by the FIRE system (users may name the file anything they choose from their end). The IRS assigned filename will consist of submission type [ORIG (original), CORR (correction), and REPL (replacement)], the filer's TCC, and a four digit number sequence. The sequence number will be incremented for every file sent. For example, if it is your first original file for the calendar year and your TCC is 44444, the IRS assigned filename would be ORIG.44444.0001. Record the filename. This information will be needed by MCC in order to identify the file if assistance is required and to complete Form 4804.*

.13 **Filers are advised not to resubmit an entire file if records were omitted from the original transmission. This will result in duplicate filing. A new file should be sent consisting of the records that had not previously been submitted.**

.14 The results of the electronic transmission will be available in the (F)ile Status area of the electronic system within 2 weeks; however, no further processing will occur until the signed Form 4804 is received. The transmitter must mail or fax the signed Form 4804 the same day the electronic transmission is made. No return is considered filed until a Form 4804 is received by IRS/MCC.

.15 Form 4804 can be ordered by calling the IRS toll-free forms and publication order number **1-800-TAX-FORM, (1-800-829-3676)**, or it may be computer-generated. *It may also be obtained from the Internet at www.irs.gov.* If a filer chooses to computer-generate Form 4804, all of the information contained on the original form, including the affidavit, must also be contained on the computer-generated form. This form is also contained in the back of this publication.

.16 Forms 4804 may be mailed to the following address:

If by Postal Service, air or truck freight:
IRS-Martinsburg Computing Center
Information Reporting Program
Attn: Electronic Filing Coordinator
230 Murall Drive
Kearneysville, WV 25430

**Please indicate on the envelope the following message:
CONTAINS FORM 4804 INFORMATION – NO MAGNETIC MEDIA**

.17 Contact the Electronic Filing System by dialing **304-262-2400**. This number supports analog connections from 1200bps to 56Kbps or ISDN BRI 128Kbps connections. The system can be accessed via Dial-up network/web browser or a communications software package such as Hyperterminal, Procomm, PCAnywhere, etc. The Dial-up network/web browser will provide an Internet-like look without going through the Internet (point to point). If you do not have this capability, a text interface will be provided that can be accessed via typical communications software and will perform similar to the former IRP-BBS.

.18 Due to the large number of communication products available, it is impossible to provide specific information on a particular software package or hardware configuration. Filers should contact their software or hardware supplier for assistance. Your browser will need to be capable of file uploads (i.e., Internet Explorer 4.0, Netscape Navigator 2.0 or higher). The following are some general instructions (many of these settings may already be set by default in your software):

(a) Dial-up network settings:

- (1) Set dial-up server type to PPP
- (2) Set network protocol to TCP/IP
- (3) Enable software compression
- (4) Enable PPP LCP extensions

(b) Browser settings:

- (1) Set to receive "cookies"
- (2) Enable JavaScript or Jscript
- (3) Browser must be capable of file uploads (i.e. Internet Explorer 4.0, Netscape 2.0 or higher)
- (4) Enter the URL Address of <http://10.225.224.2>

(c) Communications software settings should be:

- No parity
- Eight data bits
- One stop bit
- Full duplex

(d) Hardware features

- (1) Enable hardware flow control
- (2) Enable modem error control
- (3) Enable modem compression

.19 The first time you log on to the electronic system, you will need to create a new account. After completing the registration information, you will be prompted for a user name and password. Passwords are assigned by the user at first logon and are up to 8 alpha/numerics which are case sensitive. Remember your **exact** logon name and password for future reference. If you forget your logon name and/or password, call IRS/MCC at 304-263-8700 for assistance.

.20 Once you are an established user, select the logon option and then you will be prompted for your logon name and password. Once you have entered this information, you will be at the Main Menu. Select one of the following options:

(a) Electronic Filing - this option will allow you to send your files and provide us with current mailing address information in case we need to send any correspondence.

(b) File Status - this option will display the results of your file transfer and will be posted in this area.

Common Problems Associated with Electronic Filing

1. No Form 4804, Transmittal of Information Returns Reported Magnetically/Electronically.

Even though you have sent your Forms 8027 electronically, you still need to fax or mail the Form 4804. See Part B, Sec. 6.16 for the mailing address. The fax number is 304-264-5602.

2. Transmitter does not dial back to the electronic system to determine file acceptability.

Within 2 weeks the results of your file transmission will be posted under the option called File Status. It is very important that you check this option because if your file is bad we must receive a replacement within 45 days.

3. Transmitter compresses several files into one.

Only compress one file at a time. For example, if you have 10 uncompressed files to send, compress each file separately and send 10 separate compressed files.

4. Transmitter sends a file and File Status indicates that the file is good, but the transmitter wants to send a replacement or correction file to replace the original/correction/replacement file.

Once a file has been transmitted, you cannot send a replacement file unless File Status indicates the file is bad. If you do not want us to process the file, you must first contact us at 304-263-8700 to see if this is a possibility.

5. Transmitter sends an original file that is good, then sends a correction file for the entire file even though there are only a few changes.

The correction file, containing the proper coding, should only contain the records needing correction, not the entire file.

6. File format is formatted as EBCDIC.

File must be standard ASCII code. All files submitted electronically must be in standard ASCII Code.

SEC. 7. RECORD FORMAT AND LAYOUT

FORM 8027 RECORD FORMAT

Field Position	Field Title	Length	Description and Remarks
1	Establishment Type	1	REQUIRED. This digit identifies the kind of establishment. Enter the number which describes the type of establishment, as shown below: 1 for an establishment that serves evening meals only (with or without alcoholic beverages). 2 for an establishment that serves evening meals and other meals (with or without alcoholic beverages). 3 for an establishment that serves only meals other than evening meals (with or without alcoholic beverages). 4 for an establishment that serves food, if at all, only as an incidental part of the business of serving alcoholic beverages.
2-6	Establishment Serial Numbers	5	REQUIRED. These five digit Serial Numbers are for identifying individual establishments of an employer reporting under the same EIN. The employer shall assign each establishment a unique number. NUMERICS ONLY.
7-46	Establishment Name	40	REQUIRED. Enter the name of the establishment. Left justify and fill unused positions with blanks. ALLOWABLE CHARACTERS ARE ALPHAS, NUMERICS, BLANKS, HYPHENS, AMPERSANDS, AND SLASHES.
47-86	Establishment Street Address	40	REQUIRED. Enter the mailing address of the establishment. Street address should include number, street, apartment or suite number (or P O Box if mail is not delivered to street address). Left justify and blank fill.
87-111	Establishment City	25	REQUIRED. Enter the city, town, or post office. Left justify and blank fill.

Note: The only allowable characters are alphas, blanks, numerics, ampersands, hyphens and slashes. Punctuation such as periods and commas are not allowed and will cause your file to be returned. For example, the address 210 N. Queen St., Suite #300 must be entered as 210 N Queen St Suite 300.

Note: The only allowable characters are alphas, blanks, numerics, ampersands, hyphens and slashes. Punctuation such as periods and commas are not allowed and will cause your file to be returned. For example, the city St. Louis must be entered as St Louis.

FORM 8027 RECORD FORMAT

Field Position	Field Title	Length	Description and Remarks
112-113	Establishment State	2	REQUIRED. Enter state code of the establishment; must be one of the following:
	<u>STATE</u>		<u>CODE</u>
	Alabama		AL
	Alaska		AK
	Arizona		AZ
	Arkansas		AR
	California		CA
	Colorado		CO
	Connecticut		CT
	Delaware		DE
	District of Columbia		DC
	Florida		FL
	Georgia		GA
	Hawaii		HI
	Idaho		ID
	Illinois		IL
	Indiana		IN
	Iowa		IA
	Kansas		KS
	Kentucky		KY
	Louisiana		LA
	Maine		ME
	Maryland		MD
	Massachusetts		MA
	Michigan		MI
	Minnesota		MN
	Mississippi		MS
	Missouri		MO
			<u>STATE</u>
			Montana
			Nebraska
			Nevada
			New Hampshire
			New Jersey
			New Mexico
			New York
			North Carolina
			North Dakota
			Ohio
			Oklahoma
			Oregon
			Pennsylvania
			Rhode Island
			South Carolina
			South Dakota
			Tennessee
			Texas
			Utah
			Vermont
			Virginia
			Washington
			West Virginia
			Wisconsin
			Wyoming
			<u>CODE</u>
			MT
			NE
			NV
			NH
			NJ
			NM
			NY
			NC
			ND
			OH
			OK
			OR
			PA
			RI
			SC
			SD
			TN
			TX
			UT
			VT
			VA
			WA
			WV
			WI
			WY

114-122 Establishment ZIP Code 9 **REQUIRED.** Enter the complete nine-digit ZIP Code of the establishment. If using a five-digit ZIP Code, left justify the five-digit ZIP Code and fill the remaining four positions with blanks.

Note: MUST BE NINE NUMERIC OR FIVE NUMERIC AND FOUR BLANKS. DO NOT ENTER THE DASH.

123-131 Employer Identification Number 9 **REQUIRED.** Enter the nine-digit number assigned to the employer by IRS. **DO NOT ENTER HYPHENS, ALPHAS, ALL 9's, OR ALL ZEROS.**

132-171 Employer Name 40 **REQUIRED.** Enter the name of the employer as it appears on your tax forms (e.g., Form 941). Any extraneous information must be deleted. Left justify and blank fill. **ALLOWABLE CHARACTERS ARE ALPHAS, BLANKS, NUMERIC, AMPERSANDS, HYPHENS, AND SLASHES.**

172-211 Employer Street Address 40 **REQUIRED.** Enter mailing address of employer. Street address should include number, street, apartment or suite number (or P O Box if mail is not delivered to street address). Left justify and blank fill.

Note: The only allowable characters are alphas, blanks, numerics, ampersands, hyphens and slashes. Punctuation such as periods and commas are not allowed and will cause your file to be returned. For example, the address 210 N. Queen St., Suite #300 must be entered as 210 N Queen St Suite 300.

FORM 8027 RECORD FORMAT

Field Position	Field Title	Length	Description and Remarks
212–236	Employer City	25	REQUIRED. Enter the city, town, or post office. Left justify and blank fill. Note: The only allowable characters are alphas, blanks, numerics, ampersands, hyphens and slashes. Punctuation such as periods and commas are not allowed and will cause your file to be returned. For example, the city St. Louis must be entered as St Louis.
237–238	Employer State	2	REQUIRED. Enter state code of employer. Must be one of the abbreviations shown in the state abbreviation table for Establishment State (field positions 112–113).
239–247	Employer ZIP Code	9	REQUIRED. Enter the complete nine-digit ZIP Code of the employer. If using a five-digit ZIP Code, left justify the five-digit ZIP Code and fill the remaining four positions with blanks. Note: MUST BE NINE NUMERICS OR FIVE NUMERICS AND FOUR BLANKS. DO NOT ENTER THE DASH.
248–259	Charged Tips	12	REQUIRED. Enter the total amount of tips that are shown on charge receipts for the calendar year. Amount must be entered in U.S. dollars and cents. The right most two positions represent cents. Right justify and zero fill. If no entry, zero fill. NUMERICS ONLY. DO NOT ENTER DECIMAL POINTS, DOLLAR SIGNS, OR COMMAS.
260–271	Charged Receipts	12	REQUIRED. Enter the total sales for the calendar year other than carry-out sales or sales with an added service charge of 10 percent or more, that are on charge receipts with a charged tip shown. This includes credit card charges, other credit arrangements, and charges to a hotel room unless the employer's normal accounting practice consistently excludes charges to a hotel room. Do not include any state or local taxes in the amount reported. Amount must be entered in U.S. dollars and cents. The right-most two positions represent cents. Right justify and zero fill. If no entry, zero fill. NUMERICS ONLY. DO NOT INCLUDE DOLLAR SIGNS, DECIMAL POINTS, OR COMMAS.
272–283	Service Charge Less Than 10 Percent	12	REQUIRED. Enter the total amount of service charges less than 10 percent added to customer's bills and were distributed to your employees for the calendar year. In general, service charges added to the bill are year. In general, service charges added to the bill are not tips since the customer does not have a choice. These service charges are treated as wages and are included on Form W-2. For a more detailed explanation, see Rev. Rul. 1928, 19691 C.B. 270. Amount must be entered in U.S. dollars and cents. The right-most two positions represent cents. Right justify and zero fill. If no entry, zero fill. NUMERICS ONLY. DO NOT ENTER DOLLAR SIGNS, DECIMAL POINTS, OR COMMAS.
284–295	Indirect Tips Reported	12	REQUIRED. Enter the total amount of tips reported by indirectly tipped employees (e.g., busboys, service bartenders, cooks) for the calendar year. Do not include tips received by employees in December of the prior tax year but not reported until January. Include tips received by employees in December of the tax year being reported, but not reported until January of the subsequent year. Amount must be entered in U.S. dollars and cents. The right-most two positions represent cents. Right justify and zero fill. If no entry, zero fill. NUMERICS ONLY. DO NOT ENTER DOLLAR SIGNS, DECIMAL POINTS, OR COMMAS.

FORM 8027 RECORD FORMAT

Field Position	Field Title	Length	Description and Remarks
296–307	Direct Tips Reported	12	REQUIRED. Enter the total amount of tips reported by directly tipped employees (e.g., waiters, waitresses, bartenders) for the calendar year. Do not include tips received by employees in December of the prior tax year but not reported until January. Include tips received by employees in December of the tax year being reported, but not reported until January of the subsequent year. Amount must be entered in U.S. dollars and cents. The right-most two positions represent cents. Right justify and zero fill. If no entry, zero fill. NUMERICS ONLY. DO NOT ENTER DOLLAR SIGNS, DECIMAL POINTS, OR COMMAS.
308–319	Total Tips Reported	12	REQUIRED. Enter the total amount of tips reported by all employees (both indirectly tipped and directly tipped) for the calendar year. Do not include tips received in December of the prior tax year but not reported until January. Include tips received in December of the tax year being reported, but not reported until January of the subsequent year. Amount must be entered in U.S. dollars and cents. The right-most two positions represent cents. Right justify and zero fill. If no entry, zero fill. NUMERICS ONLY. DO NOT ENTER DOLLAR SIGNS, DECIMAL POINTS, OR COMMAS.
320–331	Gross Receipts	12	REQUIRED. Enter the total gross receipts from the provision of food and/or beverages for this establishment for the calendar year. Do not include receipts for carry-out sales or sales with an added service charge of 10 percent or more. Do not include in gross receipts charged tips (field positions 248–259) shown on charge receipts unless you have reduced the cash sales amount because you have paid cash to tipped employees for tips they earned that were charged. Do not include state or local taxes in gross receipts. If you do not charge separately for food or beverages along with other services (such as a package deal for food and lodging), make a good faith estimate of the gross receipts attributable to the food or beverages. This estimate must reflect the cost of providing the food or beverages plus a reasonable profit factor. Include the retail value of complimentary food or beverages served to customers if tipping for them is customary and they are provided in connection with an activity engaged in for profit whose receipts would not be included as gross receipts from the provision of food or beverages (e.g., complimentary drinks served to customers at a gambling casino). Amount must be entered in U.S. dollars and cents. The right-most two positions represent cents. Right justify and zero fill. If no entry, zero fill. NUMERICS ONLY. DO NOT ENTER DOLLAR SIGNS, DECIMAL POINTS, OR COMMAS.
332–343	Tip Percentage Rate Times	12	REQUIRED. Enter the amount determined by multiplying Gross Receipts for the year (field positions 320–331) by the Tip Percentage Rate (field positions 344–347). For example, if the value of Gross Receipts is “000045678900” and Tip Percentage Rate is “0800”, multiply \$456,789.00 by .0800 to get \$36,543.12 and enter “000003654312”. If tips are allocated using other than the calendar year, enter zeros; this may occur if you allocated tips based on the time period for which wages were paid or allocated on a quarterly basis. Amount must be entered in U.S. dollars and cents. The right-most two positions represent cents. Right justify and zero fill. NUMERICS ONLY. DO NOT ENTER DOLLAR SIGNS, DECIMAL POINTS, OR COMMAS.
344–347	Tip Percentage Rate	4	REQUIRED. Enter 8 percent (0800) unless a lower rate has been granted by the District Director. The determination letter must accompany the magnetic/electronic submission. NUMERICS ONLY. DO NOT ENTER DECIMAL POINT.

FORM 8027 RECORD FORMAT

Field Position	Field Title	Length	Description and Remarks
348-359	Allocated Tips	12	REQUIRED. If Tip Percentage Rate times Gross Receipts (field positions 332-343) is greater than Total Tips Reported (field positions 308-319), then the difference becomes Allocated Tips. Otherwise, enter all zeros. If tips are allocated using other than the calendar year, enter the amount of allocated tips from your records. Amount must be entered in U.S. dollars and cents. The right-most two positions represent cents. Right justify and zero fill. NUMERICS ONLY. DO NOT ENTER DOLLAR SIGNS, DECIMAL POINTS, OR COMMAS.
360	Allocation Method	1	REQUIRED. Enter the allocation method used if Allocated Tips (field positions 348-359) are greater than zero as follows: 1) for allocation based on hours worked. 2) for allocation based on gross receipts. 3) for allocation based on a good faith agreement. The good faith agreement must accompany the magnetic/electronic submission. If Allocated Tips are equal to zero, enter 0 (zero).
Note: Under Section 1571 of the Tax Reform Act of 1986, the method of allocation of tips based on the number of hours worked as described in Section 31.6053-3(f)(1)(iv) may be utilized only by an employer that employs less than the equivalent of 25 fulltime employees at the establishment during the payroll period. Section 31.6053-3(j)(19) provides that an employer is considered to employ less than the equivalent of 25 fulltime employees at an establishment during a payroll period if the average number of employee hours worked per business day during the payroll period is less than 200 hours.			
361-364	Number of Directly Tipped Employees	4	REQUIRED. Enter the total number (must be greater than zero) of directly tipped employees employed by the establishment for the calendar year. Right justify and zero fill. NUMERICS ONLY.
365-369	Transmitter Control Code (TCC)	5	REQUIRED. Enter the 5-digit Transmitter Control Code assigned by the IRS.
370	Corrected 8027 Indicator	1	REQUIRED. Enter blank for original return. Enter "G" for corrected return. A corrected return must be a complete new return replacing the original return.
371-372	Blank or cr/lf	2	Magnetic/electronic filers are required to enter blanks. Diskette filers may enter blanks or the carriage line feed characters (cr/lf).

FORM 8027 RECORD LAYOUT

Establishment Type	Establishment Serial Number	Establishment Name	Establishment Street Address
1	2-6	7-46	47-86
Establishment City	Establishment State	Establishment ZIP Code	Employer Identification Number
87-111	112-113	114-122	123-131

FORM 8027 RECORD LAYOUT

Employer Name	Employer Street Address	Employer City	Employer State
132-171	172-211	212-236	237-238
Employer Zip Code	Charged Tips	Charged Receipts	Service Charge Less Than 10 Percent
239-247	248-259	260-271	272-283
Indirect Tips Reported	Direct Tips Reported	Total Tips Reported	Gross Receipts
284-295	296-307	308-319	320-331
Tip Percentage Rate Times Gross Receipts	Tip Percentage Rate	Allocated Tips	Allocation Method
332-343	344-347	348-359	360
Number of Directly Tipped Employees	Transmitter Control Code (TCC)	Corrected 8027 Indicator	Blank or cr/lf
361-364	365-369	370	371-372

SEC. 8. EFFECT ON OTHER DOCUMENTS

.01 Rev. Proc. 98-52 is superseded.

SEC. 9. EFFECTIVE DATE

.01 This revenue procedure is effective for Forms 8027 due the last day of February 2000 and any returns filed thereafter.