

Magnetic Media Specifications for Form 1042-S

Announcement 2001-3

Revenue Procedure 98-44, IR Bulletin 1998-32, dated August 10, 1998, Specifications for Filing Form 1042-S, *Foreign Person's U.S. Source Income Subject to Withholding, Magnetically or Electronically*, reprinted as Publication 1187 (Rev. 8-98), will be used to prepare Forms 1042-S for Tax Year (TY) 2000 filed in Calendar Year (CY) 2001.

Please use the 2000 Instructions for paper Forms 1042-S and other appropriate publications listed in Part A, Sec. 1.04, in the preparation of 2000 Forms 1042-S.

Please make note of the following changes to the Publication 1187 (Rev. 8-98). These changes need to be adhered to in order for your Forms 1042-S to be filed correctly both magnetically/electronically with the Internal Revenue Service at the Martinsburg Computing Center.

1. The Tax Year reported in the Transmitter "T" Record, Recipient "Q" Record, and Withholding Agent "W" Record will be 2000, unless filing for a prior tax year.

2. The addresses for the Martinsburg Computing Center have changed.

A. The new address for filing Form 1042-S magnetically/electronically to the Martinsburg Computing Center is:

If by Postal Service, truck, or air freight:

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

B. All requests for an extension of time filed on Form 8809 or filed magnetically on tape, tape cartridge, or 3 1/2 inch diskette, requests for undue hardship waivers filed on Form 8508, and requests for extension of time to furnish the statements to recipients should be sent using the following address:

If by Postal Service, truck or air freight:

IRS-Martinsburg Computing Center
Information Reporting Program
Attn: Extension of Time Coordinator
240 Murall Drive
Kearneysville, WV 25430

NOTE: Due to security regulations at MCC, the Internal Revenue police officers will not accept media from Private Delivery Services (PDSs) or couriers between the hours of 3:00 p.m. to 11:00 p.m. seven days a week, and 11:00 p.m. to 7:00 a.m., Saturday and Sunday.

3. The following types of media are no longer accepted by IRS/MCC:

1. 5 1/4-inch diskettes
2. 3 1/2-inch diskettes created on a non-MS-DOS system
3. 3 1/2-inch diskettes created on a System 36 or AS400

NOTE: Beginning in calendar year 2003 for Tax Year 2002, 9 track magnetic tape will no longer be an acceptable method for submitting Information Returns to IRS/MCC.

4. The acceptable sizes of Quarter Inch Cartridges (QIC) have changed. Part B, Section 4.08(b) delete Quarter Inch Cartridges with a size of QIC-11, QIC-320, and QIC-1350.

5. **Beginning in Calendar Year 2002 for Tax Year 2001, IRS/MCC will no longer return problem media in need of replacement.** Filers will continue to receive a tracking form, listing and letter detailing the reason(s) their media could not be processed. Filers will be expected to send in replacement media within the prescribed time frame. This makes it **imperative** that filers maintain backup copies and/or recreate capabilities for their information return files.

6. Part C, Bisynchronous (Mainframe) Electronic Filing Specifications, and Part D, Asynchronous (IRP-BBS) Electronic Filing Specifications, contained in Publication 1187 (Rev. 8-98) **will no longer be used for electronic filing** of Forms 1042-S. A revised Part C, Electronic Filing Specifications, included below, must be used for submitting all electronic files to the Martinsburg Computing Center beginning November 1, 1999. The new telephone number for electronic filing is **304-262-2400**.

Part C. Electronic Filing Specifications

Sec. 1 Background

01. All electronic filing of information returns are received at IRS/MCC via the FIRE (Filing Information Returns Electronically) System. The FIRE System can be accessed via analog and ISDN BRI connections. The system is designed to support the electronic filing of information returns only. The telephone number for electronic filing is **(1-304-262-2400)**. Publications and

forms are no longer available electronically from MCC. Users needing the publications and forms will need to download them from the IRS's Internet Web Site at www.irs.gov or order them by calling 1-800-TAX-FORM (1-800-829-3676).

Sec. 2. Advantages of Filing Electronically

Some of the advantages of filing electronically are as follows:

- (1) Acknowledgment of files received.
- (2) Results available within 20 workdays as to the acceptability of the data transmitted. (30 days for replacement transmissions).
- (3) Better customer service due to on-line availability of transmitters files for research purposes.

Sec. 3. General

.01 Electronic filing of Forms 1042-S originals, corrections, and replacements of information returns 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. Also, if the original file was submitted via magnetic media, any corrections may be transmitted electronically.

.02 The electronic filing of information returns 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.

.03 Files submitted to IRS/MCC electronically must be in standard ASCII code. No magnetic media or paper forms are to be submitted with the same information as the electronically submitted file.

.04 If a request for extension is approved, transmitters who file electronically will be granted an extension of time to file. Part A, Sec. 11, explains procedures for requesting extensions of time. Filers are encouraged to file their data as soon as possible.

.05 The formats of the "T", "Q", "W", and "Y" Records are the same for electronically filed records as they are for 3 1/2-inch diskettes, tapes, and tape cartridges, and must be in standard ASCII code. For electronically filed documents, each transmission is considered a separate file; therefore, each transmission **must** begin with a Transmitter "T" Record and end with an End of Transmission (EOT) "Y" Record.

Sec. 4. Electronic Filing Approval Procedure

.01 Filers must obtain, or already have, a Transmitter Control Code (TCC) assigned prior to submitting their files electronically. (Filers who currently have a TCC for magnetic media filing of Form 1042-S, beginning with "22", do not have to request a second TCC for electronic filing.) Refer to Part A, Sec. 7, for information on how to obtain a TCC.

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

.03 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.

Sec. 5. Test Files

.01 Filers are not required to submit a test file; however, the submission of a test file is encouraged for all electronic filers because of the new hardware and software. If filers wish to submit an electronic test file for Tax Year 2000 (returns to be filed in 2001), it **must** be submitted to IRS/MCC **no earlier than** December 1, 2000, and **no later than** February 15, 2001.

.02 If a filer encounters problems while transmitting the electronic test files, contact IRS/MCC for assistance.

.03 Filers can verify the status of their transmitted test data by dialing the FIRE System phone number **(1-304-262-2400)**. This information will be available within 20 workdays (30 workdays for replacements) after their transmission is received by IRS/MCC.

Sec. 6. Electronic Submissions

.01 Electronically filed information 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**.

.02 **The FIRE System will be down from December 29, 2000, through January 7, 2001.** This will allow time for IRS/MCC to update their system to reflect current year changes.

.03 Data compression is encouraged when submitting information returns electronically. WinZip and PKZip are acceptable compression packages. UNIX COMPRESS may be acceptable; however, a test file is recommended to verify compatibility. IRS/MCC cannot accept self-extracting zip files or compressed files containing multiple files.

The time required to transmit information returns 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 95 percent by using software compression and hardware compression.**

The following are actual transmission rates 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 1/2 Min.	33 Min.
128K (ISDN)	8 Sec.	1 Min.	10 Min.

.04 Files submitted electronically will be assigned a unique filename by the IRS system (the users may name files anything they choose from their end). The IRS assigned filename will consist of, submission type [TEST, 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 22000, the IRS assigned filename would be ORIG.22000.0001. 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.

.05 If a file was submitted timely and is bad, the filer will have up to 45 days to transmit the first replacement, and 30 days thereafter, if additional replacements are necessary.

.06 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.

.07 The TCC (beginning with the numbers "22") in the Transmitter "T" Record must be the TCC used to transmit the file; otherwise, the file will be considered in error.

Sec. 7. Transmittal Requirements

.01 The results of the electronic transmission will be available in the File Status area of the FIRE System within 20 workdays (30 workdays for replacements) after the signed Form 4804 is received. The Form 4804 must be postmarked by the due date of the return. No return is considered filed until a Form 4804 is received by IRS/MCC. The Form 4804 may be faxed to 304-264-5602.

.02 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 **IRS's Internet Web Site 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.

.03 The TCC used in the Transmitter "T" Record (beginning with numbers "22") is the TCC which must appear on the transmittal Form 4804.

.04 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: Special Projects Coordinator
 230 Murall Drive
 Kearneysville, WV 25430

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

Sec. 8. Electronic Filing Specifications

.01 The FIRE System is designed exclusively for the filing of Forms 1042-S, 1099, 1098, 5498, 8027, W2-G and W-4.

.02 A transmitter must have a TCC before a file can be transmitted. If you have a TCC for magnetic media filing which begins with the numbers "22", that TCC can also be used for electronic filing.

.03 Filers can determine the acceptability of files submitted by checking the file status area of the system. These reports will be available on the electronic system within 20 workdays (30 workdays for replacements) after the Form 4804 is received by IRS/MCC.

.04 Contact the FIRE 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 communications software. The Dial-up network/web browser provides an Internet-like look without going through the Internet (point to point). If you do not have this capability, a text interface is provided that can be accessed via typical communications software such as Hyperterminal, Procomm, PCAnywhere, etc.

Sec. 9. Dial-up Network/Browser Specifications (Web Interface)

.01 The following are some general instructions (many of these settings may already be set by default in your software):

Dial-up network settings:

- (a) Set dial-up server type to PPP
- (b) Set network protocol to TCP/IP

Browser settings:

- (a) Set to receive 'cookies'
- (b) Enable JavaScript or Jscript
- (c) Browser must be capable of file uploads (i.e., Internet Explorer 4.0, Netscape 2.0 or higher)
- (d) Enter the URL address of *http://10.225.224.2* (Remember, this is a point-to-point connection, not the Internet.)

.02 Due to the large number of communication products available, it is impossible to provide specific information on all software/hardware configurations. However, since most of our filers use Windows 95, 98, or NT software, the following instructions are geared toward those products:

UPLOADING FILES WITH DIAL-UP NETWORKING/WEB BROWSER IN WINDOWS 95/98

Tips

- (1) This is a point-to-point connection – not the Internet.
- (2) Your browser must be capable of file uploads, i.e., Internet Explorer 4.0 or Netscape Navigator 2.0 or higher.
- (3) If you currently access the Internet via a LAN or a PROXY server, you will need to disable those options in your browser and enable 'Connect to the Internet using a modem'.

Select **Programs**
Accessories
Communications (Windows 98)
Dial-Up Networking

First time connecting with Dial-Up Network (If you have logged on previously, skip to Subsequent Dial-up Network Connections.)

The first time you dial-in, you will need to configure your Dial-Up Networking.

Select '**Make new connection**'.

Type a descriptive name for the system you are calling.

Select your modem.

Click '**Next**'.

Enter area code **304** and telephone number **262-2400**.

Click '**Next**'.

When you receive a message that you have successfully created a new Dial-Up Networking connection, click '**Finish**'.

Click '**Connect**' to dial. If you are prompted for a user name and password, complete according to local procedures; otherwise, click '**OK**'.

When you receive the message that you have connected to our system, click on your Web Browser (**remember, you are not connecting via the Internet – this is a point-to-point connection**).

In the URL Address enter **http://10.225.224.2** and press **ENTER**.

Subsequent Dial-Up Network connections

Click '**Connect**'.

If prompted for user name and password, complete according to local procedures; otherwise, click '**OK**'.

When you receive 'Connection Complete', click **'OK'**.

Click on your Web Browser (**remember, you are not connecting via the Internet**).

In the URL Address enter **http://10.225.224.2** and press **ENTER**.

First time connection to The FIRE System (If you have logged on previously, skip to Subsequent Connections to the FIRE System.)

Click **'Create New Account'**.

Fill out the registration form and click **'Create'**.

Enter your **logon name** (most users logon with their first and last name).

Enter your **password** (the password is user assigned and is case sensitive).

Click **'Create'**.

If you receive the message 'account created', click **'OK'**.

Click **'Start the Fire Application'**

Subsequent connections to The FIRE System

Click **'Log On'**.

Enter your **logon name** (most users logon with their first and last name).

Enter your **password** (the password is user assigned and is case sensitive).

At Menu Options:

Click **'Information Returns'**

Enter your **TCC:**

Enter your **EIN:**

Click **'Submit'**.

The system will then display the company name, address, city, state, ZIP code and phone number. This information will be used to contact or send any correspondence regarding this transmission. Update as appropriate and/or click **'Accept'**.

Click one of the following:

Original File

Correction File

Test File

Replacement File (if you select this option, select one of the following):

FIRE Replacement (file was originally transmitted on this system)

Click file to be replaced

Magnetic Media Replacement File

Enter the alpha character from Form 9267, Media Tracking Slip, that was returned with your magnetic media shipment.

Click **'Submit'**.

Enter the **drive/path/filename** of the file you want to upload or click **'Browse'** to locate the file.

Click **'Upload'**.

<p>When the upload is complete, the screen will display the total bytes received and the file name to be recorded on your Form 4804, Box 7b.</p>

If you have more files to upload for that TCC:

Click **'File Another'**; otherwise,

Click **'Back to Main Menu'**.

It is your responsibility to check the acceptability of your file; therefore, be sure to dial back into the system in 20 business days.

At the Main Menu:

Click **'File Stats'**.

Enter your **TCC:**

Enter your **EIN:**

Click **'Search'**.

If 'Results' indicate:

'File Good' and you agree with the 'Count of Payees' and have mailed your Form 4804, you are finished with this file. (Form 4804 is not needed on a replacement file unless the number of payees has changed from the original/correction file.)

'File Bad' - Correct the errors and resubmit the file as a 'replacement'.

'Not Yet Processed' - File has been received, but we do not have results available yet. Please check back in a few days.

Click on the desired file for a detailed report of your transmission.

When finished viewing your files, click on **'Main Menu'**.

Click **'Log Off'**.

Close your Web Browser.

IMPORTANT

Go back into your Dial-Up Network and click 'hang-up'; otherwise, you may stay connected and incur unnecessary phone charges.

Sec. 10. Communication Software Specifications (Text Interface)

.01 Communications software settings must be:

- No parity
- Eight data bits
- One stop bit

.02 Terminal Emulation must be VT100.

.03 Due to the large number of communication products available, it is impossible to provide specific information on all software/hardware configurations. However, since most of our filers use Windows 95, 98 or NT software, the following instructions are geared toward those products (Procomm, PCAnywhere and many other communications packages are also acceptable and the product does not necessarily need to be Windows based.):

UPLOADING FILES USING HYPERTERMINAL IN WINDOWS 95, 98 OR NT

Select **Programs**
Accessories
Communications (Windows 98)
Hyperterminal

The first time you log on, select **Hyperterminal**, **Hyperterm** or **Hyperterm.exe**, whichever is available on your system. Thereafter, you can just select the icon that you have saved.

A box will appear titled **'Connection Description'**.

Enter a name and choose an icon for the connection:

Country Code: United States of America

Area Code: **304**

Phone Number: **262-2400**

Connect Using: (default)

(If you need to modify the phone number, select **File**, then **Properties** to enter defaults for the area code, phone numbers and/or special access codes.)

Click on **Dial**.

A 'Connect' box will appear to show the status.

Once you have connected to The FIRE System, if you do not get a menu within a few seconds, press the **ENTER** key one time.

First Time Logon

When you have connected to the system, enter **'new'** to create your logon name and password.

Complete the registration information and enter **'y'** to create account.

Logon Name and Password

Logon Name: Enter a logon name. Most users enter their first and last name as the logon name.

Password: Enter a password of your choosing (1-8 alpha/numerics - case sensitive).

After entering the password, you will go to the Main Menu.

Transferring Your Electronic File

Enter '**A**' for Electronic Filing.

After reading Information Notice, press **ENTER**.

Enter '**A**' for Forms 1098, 1099, 5498, W-2G, 1042-S, 8027 and Questionable Forms W-4.

Press the Tab key to advance to TCC box; otherwise, enter '**E**' to exit.

Enter your **TCC**:

Enter your **EIN**:

The system will then display the company name, address, city, state, ZIP code, and phone number. This information will be used to contact or send correspondence (if necessary) regarding this transmission. If you need to update, enter '**n**' to change information; otherwise, enter '**y**' to accept.

Select one of the following:

- '**A**' for an Original file
- '**B**' for a Replacement file
- '**C**' for a Correction file
- '**D**' for a Test file

If you selected 'B' for a replacement file, select one of the following:

'**A**' Replacement Files For This System

This option is to replace an original/correction file that was submitted electronically on this system but was bad and needs to be replaced. Select the file needing replaced.

'**B**' Magnetic media replacement files

Enter the alpha character from Form 9267, Media Tracking Slip, that was returned with your magnetic media shipment.

Choose one of the following protocols (Hyperterminal is normally set to Zmodem by default):

X - Xmodem

Y - Ymodem

Z - Zmodem (Zmodem will normally give you the fastest transfer rate.)

At this point, you must start the upload from your PC.

To send a file:

Go to the hyperterminal menu bar.

Click on **Transfer**.

Click on **Send file**.

A box will appear titled 'Send File'.

Enter the drive/path/filename or click on **Browse** to locate your file.

Click on **Send**.

When the upload is complete, the screen will display the total bytes received and the file name to be recorded on your Form 4804, Box 7b.

Press **ENTER** to continue.

If you have more files to send for the same TCC/EIN, enter '**y**'; otherwise, enter '**n**'.

It is your responsibility to check the acceptability of your file; therefore, be sure to dial back into the system in 20 workdays.

At the Main Menu:

Enter '**B**' for file status.

Press the Tab key to advance to TCC box; otherwise, enter '**E**' to exit.

Enter your **TCC**:

Enter your **EIN**:

Tab to the file you want to look at and press **ENTER**.

If 'Results' indicate:

'**File Good**' and you agree with the 'Count of Payees' and have mailed your Form 4804, you are finished with this file. (Form 4804 is not needed on a replacement file unless the number of payees changes from the original/correction file.)

'File Bad' - Correct the errors and resubmit the file as a replacement.

'Not Yet Processed' - File has been received, but we do not have results available yet. Please check back in a few days.

When you are finished, enter **'E'** from the Main Menu to logoff.

Enter **'2'** to hang-up.

Sec. 11. Modem Configuration

.01 Hardware features

- (a)** Enable hardware flow control
- (b)** Enable modem error control
- (c)** Enable modem compression

Sec. 12. Common Problems Associated with Electronic Filing

.01 Refer to Part A, Section 17, for Major Problems Encountered with Form 1042-S magnetic/electronic files.

.02 The following are the major non-format errors associated with electronic filing:

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

Even though you have sent your information returns electronically, you still need to mail a signed Form 4804 by the due date of the return. No processing will occur on the file until the form is received.

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

The results of your file transfer are posted to the FIRE System within 20 workdays (30 workdays for replacements) from the receipt of Form 4804. It is your responsibility to verify file acceptability and, if the file contains errors, you can get an online listing of the errors. Date received and number of payee records are also displayed.

3. Incorrect file is not replaced timely.

If your file is bad, correct the file and timely resubmit as a replacement.

4. 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.

5. 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. However, this will count as a replacement. (See Part A, Sec. 16, for the definition of replacement.)

6. 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.

7. File is formatted as EBCDIC.

All files submitted electronically must be in standard ASCII code.
