



for Business

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

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



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Important Changes

New Exemption code for Indian Tribal Governments

There has been a new exemption code (93) added for Exempt Indian Tribal Government (or any subdivision, subsidiary, or business wholly owned by such an Indian Tribe) for line 2 of the 940. Refer to Publication 15 (Circular E) section 14 for more details.

New Error Codes

The number of error codes has increased. Please see page 41 of this Publication for those new codes.

Extensible Markup Language (XML) is a new software format that will be in affect January 1, 2003, for more information visit the IRS web site www.irs.gov.

Introduction

This publication provides procedural guidelines for Reporting Agents, Software Developers and Transmitters as well as Business Taxpayers. All of the information found in this Publication is based on Rev. Proc. 96-17,1006-1C.B., Rev. Proc.2001-9, and the rules and regulations established by the IRS for the electronic filing programs.

The **940e-file** and 940 On-Line Filing (**940 OLF**) Programs are available and are similar to the **941e-file** Program.

The "IRS **e-file** Business Programs" offer participants quicker processing with fewer errors and better security checks. **940e-file** is done through a Reporting Agent such as a bank, tax preparer or accountant and filed in the Tennessee Computer Center. **940 OLF** is prepared, signed and transmitted by a Business Taxpayer through a third party Transmitter.

Businesses that qualify to file the 940 EZ by paper may file their 940 by using an **e-file** method. The 940 Telefile is not available at this time.

NOTE: Late or amended 940 forms **must** be filed on paper.

Purpose of Guidelines

This publication provides technical implementation guidelines for electronic filing of the Form 940, Federal Unemployment Tax Act (FUTA) Tax Return. Currently the IRS only offers the Proprietary (**ASCII format and IRS record layouts**) format. This format is required to participate in the **940e-file Program** and Form **940 On-line Filing Program (940 OLF Program)**.

The technical guidelines for the proprietary electronic Letter of Application (**LoA**) that is filed through a transmitter by Business Taxpayers is also found in this publication.

Scope

This publication contains the required data record layouts and communication protocols needed to file 940 returns electronically through the Internal Revenue Service's Electronic Management System (**EMS**), and is provided for use by Software Developers, Reporting Agents, and Transmitters of the electronic 940 returns.

An Electronic Filer in the **940e-file** Program or **940 OLF** Program must use asynchronous communications protocols to transmit electronic returns. See page 9 for further information regarding communications and formatting requirements.

Program Description and Requirements

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

The **940e-file Program** is intended for use by Reporting Agents for their clients and Software developers for the testing of their products.

The **940 OLF Program** is intended to be used by the following:

- Business Taxpayers
- Transmitters may develop or utilize (COTS) Software to receive and electronically file Forms 940 and electronic LoAs for their clients.
- Software Developers may participate in the **940 OLF** Program for the purpose of testing their software, prior to marketing and distribution.

The program requires a letter of application from **all** participants and must be approved by the IRS.

- A paper **LoA or Form 9041** is to be filed by Reporting Agents, Software Developers and Transmitters.
- The Business Taxpayer will submit their **electronic LoA** through the software to their selected Transmitter according to the transmitter's procedures. See page 48 for electronic LoA procedures and guidance.

How to participate

Business Taxpayers that file one or more Forms 940 for their business. These businesses may use Web Based Software to electronically enroll and file the 940. They should select an approved third party Transmitter using web site www.irs.gov and file the LoA through that Transmitter. The specific instructions for the electronic LoA are found on page 48 of this publication.

The Transmitter will batch your LoA along with others to form a large transmission. After receipt and verification of the LoA by the Service Center, the Business Taxpayer is mailed a Personal Identification Number (PIN). This is his/her **electronic signature** for the electronic filing of Form 940. This (PIN) is used to prepare, sign and file the 940 Tax Returns. This (PIN) should **not** be given to anyone outside your agency. Business Taxpayers sign the return, using the PIN issued by the IRS, prior to sending their return to the Transmitter.

Once the Transmitter has received the approval of your LoA and you have received your PIN, you are now able to transmit your 940 to the IRS through the transmitter (Taxpayers who already have A PIN for the 941 program do not need to reapply. They use the same PIN.

Reporting Agents who may be accounting services, franchises, banks, or other persons interested in the program should file a paper **Letter of Application** (LoA) or **Form 9041** to the Austin Submission Processing Center by August 15th of the year prior to the year of filing. The address is found on page 8, a sample of the LoAs is found on page 56.

The Reporting Agent is also responsible for sending a (Reporting Agents List) along with a separate authorization, Form 8655 for each Taxpayer they represent.

A **Reporting Agents List** is a list of clients (business name and business EIN) that have authorized the Agent to e-file on their behalf.

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

1. Advises his or her clients that their Forms 940 may be filed electronically, and provide the clients with the **option of rejecting electronic filing** as the medium for filing their Forms 940. An Agent may use the most efficient and timely method of clearly providing this notification to a client.
2. Immediately removes any client that objects to having the Form 940 filed electronically from the Reporting Agent's electronic filing client base. A client's rejection of electronic filing for their Forms 940 must be submitted in writing to the Agent.

Processing time takes up to 45 days from the time the Service receives the application. Upon your acceptance into the **e-file Program** you will receive a Validated Agents List, along with a telephone number to the processing center. The purpose of the telephone number is to arrange for a **testing** transmission. In order to electronically file tax returns, a

successful test transmission must be completed prior to the due date of the return. (It is suggested that you allow at least 15 days prior to the due date of the return)

After acceptance of a successful test transmission, permanent ETIN and PIN (Personal Identification Number) will be issued. A statement of receipt must be returned to the Service before these codes will be activated to use.

The Reporting Agent must enter the PIN prior to the transmission session to electronically "sign" the returns being submitted.

ADDING AND DELETING TAXPAYERS ON THE REPORTING AGENT'S LIST

After a Reporting Agent is notified that the application for electronic filing of Forms 940 has been approved, the Agent may want to add and delete taxpayers from the Agent's List.

To add taxpayers, the Agent must submit the added names and EIN's (Add List) and Authorization (Form 8655) for each taxpayer added to the **940e-file** Program. The Service must validate the Add List and return it to the Agent before the Agent can electronically file returns for these taxpayers. The Service will generally validate and mail the Add List to the Agent within 10 business days of receiving the Add List.

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

Reporting Agent must retain the following material for four (4) years after the due date of the return, unless otherwise notified by the Service:

- A complete copy of the electronically filed Form 940
- A copy of the Service's acknowledgment of receipt of the return
- A copy of each authorization

In the transmitting process it is required to retrieve **Acknowledgement Files** from the Processing Center of the prior transmissions **before** submitting new ones. This is necessary to avoid processing errors such as duplications or omissions.

Transmitters must file a paper **Letter of Application** (LoA) or **Form 9041** to the Austin Submission Processing Center by August 15th of the year prior to the year of filing the 940. The address is found on page 8, a sample of the LoA can be found on page 58 of this publication. Processing time takes up to 45 days from the receipt of the application. When you are accepted in the **On-Line Filing Program** you will receive a telephone number to the Processing Center in order to arrange for a **test** transmission.

In order to electronically file tax returns, a successful test transmission **must** be completed prior to the due date of the 940 returns.

After acceptance of a successful test transmission, an access code will be issued. A statement of receipt of the access code must be returned before these codes will be activated for use.

The Transmitter does not have signature authority for the Business Taxpayer, but will batch the LoAs and transmit them to the IRS. Within two business days after submitting the electronic LoAs, Transmitters will retrieve an Acknowledgment File that verifies the submission of the LoAs. The Acknowledgment File also verifies for the Transmitter how many LoAs were submitted, how many were accepted and how many (if any) were rejected.

The Transmitter acts as the intermediary through which acknowledgments and rejections are transmitted from the Service to the Business Taxpayer. Once the ACKNOWLEDGEMENT of the LoA's for the Business Taxpayers have been accepted and are correct the Transmitter may now file the 940 forms.

The Transmitter that files electronically for the On-line Business Taxpayer **must**;

- Provide the taxpayer a copy of the taxpayer's electronically filed Form 940 (this information may be provided on a replica of an official form or in any other format that provides all of the return information and references the line numbers of the official form)
- Advise the taxpayer to retain a copy of the return and any supporting material **and**
- Provide the taxpayer, upon request, with the date the return was transmitted to the Service and the date the Service acknowledged receipt of the taxpayer's return.

Software Developers may participate in the **940e-file Program** and the **940 OLF Program** to **Test** their Software **ONLY**.

A Letter of Application (LoA) or Form 9041 must be submitted to the Austin Submission Processing Center by October 15th of the year prior to the due date of the return. The address is found on page 8, and a sample copy of the LoA can be found on page 57 of this publication.

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

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

Processing time takes up to 45 days. Upon your acceptance you will receive a telephone number to contact the Service to make testing arrangements.

NOTE: *Acceptance of a Software Developer establishes only that the test Transmission was formatted properly and could be processed by the Service. It is not an endorsement of the software or of the quality of the Developers' services. A Software Developer is not entitled to electronically file Forms 940 unless a separate application as an Agent or Transmitter is submitted and approved.*

After acceptance of a successful test transmission, an access code will be issued. A statement of receipt of the code must be returned before these codes will be activated for **future testing** purposes.

IRS Service Contacts

For LoAs (paper or electronic) and Form 9041
Internal Revenue Service Center
P.O. Box 1231
Austin, TX 78767
ATTN: AUSC Help Desk; Stop 6380
(512) 460-8900

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

Application Processing – Rejection For All e-file/On-Line File Applicants

An application may be rejected for any of the following reasons:

- Required information not included on application
- Required attachments missing from application
- Improperly formatted test transmission
- Previous Suspension from the Electronic Filing Program
- Use of an invalid or inactive EIN
- Failure to submit a successful test transmission within one year of the issuance of the test Identification codes.

If an Applicant is denied acceptance into the **940e-file** or **940 OLF** Program, the Applicant **may** reapply for a subsequent tax year by resubmitting a LoA or Form 9041 and a test file.

Security

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

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

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

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

Submitting Test Files

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

Subsequent test files may be transmitted at any time except during months when Returns are filed, unless an exception is granted by the respective **e-file** Help Desk.

*** Transmission of a test file does not constitute the filing of a tax return.**

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

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

Telecommunications

Refer to the EMS Trading Partner's User's Guide for more information relating to telecommunication and interface with EMS.

The **940 e-file** Program and the **940 OLF** Program use a variety of telecommunications, protocols and capabilities. Reporting Agents and Transmitters should contact the respective Help Desk when preparing to participate in the program. See page 8 for the Help Desk addresses and phone numbers. Help Desk personnel will assist Agents and Transmitters in determining the optimal configuration for the Agent's/Transmitter's particular situation. Electronic Filers may send multiple 940 Forms within a transmission file.

Modems

The Internal Revenue Service supports a variety of modems and data transfer speeds. Reporting Agents and Transmitters should contact their respective **e-file** Help Desk (page 8) when preparing to participate in the **940e-file** and **940 OLF** Programs to ensure compatibility. Electronic Filers may use any Hayes compatible modem or dedicated lines.

Protocols and Data Transfer Rates

Periodically, as system needs dictate, the IRS expands its support of the number and variety of protocols and transfer speeds supported. Reporting Agents and Transmitters should contact their respective **e-file** Help Desk (Page 8) when preparing to participate in the **940** Program to determine the latest IRS capabilities.

Data Compression

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

Communications Program

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

Legal and Administrative Guidelines

Participants must adhere to all the rules and regulations set up by IRS for the electronic filing program. **Rev.Proc.2001-9** provides legal and administrative guidelines for participation in the e-file and on-line filing programs.

Reporting Agents' Instructions for the preparation and submitting of Form 8655 are found in Rev. Proc. 96-17 dated January 22, 1996.

This section of the publication is dedicated to the specific e-file/On-Line Data Formats

Data Formats

All IRS Proprietary Form 940 Return files must be in ASCII Format.

All numeric data should be in unsigned ASCII characters (no binary data). There are no fields that require signs. All fields must have either numeric or alphabetic characters with the exception of the special characters which are allowed in the Name Line and Street Address Fields of Agent "A" Record and Tax Data "B" Record. Special characters must be limited to hyphen (-), slash (/), and ampersand (&).

All Money Fields should include two decimal positions on the right.

The First Record on each IRS Proprietary 940e-file transmission file must be the Agent Record (A Record) that contains Reporting Agent information.

A checkpoint Total "C" Record must be written after each 100 or fewer Tax Data "B1" Records.

Each Record (A, B1, B2, B3, C, and E) must be ended with a Line Feed Character (Hex 0A) creating a record 721 bytes long.

Agent "A" Record General Information

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

1. Only Form 940 data may be present.
2. Only one Agent "A" Record can be present on each file.
3. The Agent "A" Record must be the first record of the file and precede the first Tax Data "B" record.
4. Special characters may only be used in the name and street address fields.
5. The record length must be 720 characters plus terminating linefeed to make it 721 bytes long.
6. Errors in the data or structure of the "A" record could prevent normal processing of the file.

FORM 940 AGENT "A" RECORD LAYOUT

The "A" Record identifies the Reporting Agent, the tax year and the type of return being filed, and this record must be the first record reported on the file. It precedes the first Tax Data "B" Record reported.

Special characters may only be used in the name line and street address fields and must be limited to those characters listed in on page 11 under Data Formats.

Element Number	Length	Element Name	Entry or Definition
1	1	Record Type	Must Enter "A". First character of "A" Record
2	4	Reserved	Zero fill.
3	9	EIN - Reporting Agent	Required - Must be 9 numeric characters. Do not include the hyphen.
4	3	Type of Return	Enter "940" Only Form 940 returns allowed
5	9	Reserved	Zero fill.
6	40	Name Line 1 - Agent	Enter first name line of reporting agent - Left justify and fill unused positions with blanks. (40positions)
7	40	Name Line 2 - Agent	Enter the second name line of Reporting Agent - Left justify and fill unused positions with blanks. If not required, blank fill. (40 positions)
8	40	Street Address - Agent	Enter street address of reporting agent and blank fill unused positions. Street address must include number street and apartment or suite number (or P.O. Box number if mail is not delivered to a street address). Fill with blanks if street address not required . (40 positions)
9	20	City - Agent	Enter city, town or post office of reporting agent. Left justify and fill remaining unused positions with blanks. (20 positions)
10	2	State Code - Agent	Enter official post office two position state code. See State Abbreviations. (2 positions)
11	9	Zip Code - Agent	Enter zip code of Reporting Agent. If not using extended zip code, left justify and blank fill remaining 4 positions. (9 positions)
12	4	Tax Year	The 4 digit calendar year for which the Reporting Agent is filing (for example, 1999, 2000, 2001, 2002 etc.). Must be for current year.
13	10	ETR-Job-Number	Zero Fill. For IRS use.

Element Number	Length	Element Name	Entry or Definition
14	1	Test-Prod-Indicator	Enter "T" for test, or "P" for production (live data)
15	1	Input-Source-Indicator	Enter Blank
16	527	Reserved	Enter Blanks
17	1	Linefeed	

Form 940 Tax Data "B" Records General Information

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

General Guidelines and Information.

1. Only Form 940 data may be present.
2. There must be a "B1" record associated with each tax return (EIN).
3. "B2" and "B3" records when required as specified in this document must follow a "B1" record. If there are both "B2" and "B3" records all "B3" records must follow "B2" records.
4. Special characters may only be used in the name and street address fields.
5. All data must be for the current tax period.
6. All money amount fields must contain dollars and cents. Money fields are right justified with zero filling to the left. All unused amount fields must be zero filled.
7. Fields identified as indicators must always carry a value.
8. The record length for each and every "B" record is 720 characters plus a terminating linefeed to make it 721 bytes long.
9. Errors in the data or structure of the "B" record could prevent normal processing of the file.

Form 940 Filing Indicator

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

See Record Layout for detailed explanation of usage.

2. If the Form 940 Filing indicator is equal to zero ("0"):
 - Only a "B1" Record is required,
 - The state contributions field (Element 15 of the "B1" record) must contain an amount,
 - Element 54-73 (used to compute tentative credit) must be blank or zero filled as appropriate,
 - No "B3" Record may be filed for the taxpayer.
3. If the Form 940 Filing Indicator is equal to one ("1"):
 - Only a "B1" Record is required,
 - The state contributions field (Element 15 of the "B1" record) must be zero filled,
 - Elements 54-73 of the "B1" record (used to compute tentative credit) must be blank or zero filled as appropriate,
 - No "B3" Record may be filed for the taxpayer.
4. If the Form 940 Filing Indicator is equal to two ("2"):
 - At least one "B3" record as well as a "B1" Record is required,
 - The state contributions field (Element 15 of the "B1" record) must contain an amount. This amount must equal the total contributions paid to all state unemployment funds (reported as "Contributions Actually Paid to State" in the "B1" and "B3" Records),
 - Tax information for the first state reported must be entered in the following "B1" Record fields: State Code Employees (Element 14 of the "B1" record), State Reporting Number (Element 16 of the "B1" record), and Element 54-73,
 - Elements 17-19 of the "B1" Record (second, third and fourth State Reporting Number fields) must be blank filled,
 - The "B3" Record is used to report additional tax information for the remaining states.

See Record Layout for complete descriptions and usage.

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

- A "B1" Record is required,
- The state contributions field (Element 15 of the "B1" record) must contain an amount. This amount must equal the total contributions paid to all state unemployment funds (reported as "Contributions Actually Paid to State" in the "B1" and any "B3" Records),
- Elements 17-19 of the "B1" Record (second, third and fourth State Reporting Number fields) must be blank filled,
- Elements 54-73 of the "B1" record (used to compute tentative credit) must contain some data,
- A "B3" Record would be required if the taxpayer has been assigned more than one state reporting number by the state.

See Record Layout for complete descriptions and usage.

Exemption Codes and Amounts and "B2" Record Requirements.

1. Exemption codes were established to give taxpayers the capability to claim FUTA exemptions through the e-filing system. These codes are updated periodically to reflect changes in the law; however, this document does not establish authority for exemptions under FUTA. If an exemption that is listed in this Section is not in effect for the tax year reported, the exemption code will not be accepted. Refer to Circular E, Publication 15, for details regarding exemptions under FUTA. As explained below Exemption Codes and correlating Amounts can be reported on both the "B1" and "B2" records. See page 42 of this publication for a complete list of exemption codes and their meanings.
2. Use Elements 33-52 (Exemption Codes and Amounts) of the "B1" record to report the first 10 combinations of a two position exemption code and an 11 position dollar and cents amount of wages exempted.
3. Use the "B2" record to continue reporting Exemption Codes and Amounts. Up to four (4) Agent "B2" records may follow a "B1" record.

See Record Layout for detailed field descriptions and usage.

Tentative Credit and "B3" Record Requirements.

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

present. See Form 940 Filing Indicator explanations and Record Layouts for further instructions.

3. The "B3" Record. See Record Layout for detailed field descriptions and usage; however if a "B3" is present:
 - Elements 1- 4 and Elements 5-12 of the "B3" record (first state data group) must contain data.
 - Will accommodate up to four additional states data groups each which is comprised of a State Code, Credit Reduction Wages (when applicable), a State Reporting Number, and the experience group which itself can occur up to 4 times within the parent group. This experience rate group is comprised of Taxable Payroll, Date experience rate took effect, Date experience rate was changed, State experience rate, and Contributions actually paid to State.
 - Only thirteen "B3" Records may be present; regardless of the number of states reported for a taxpayer.
 - The first "B3" Record used must follow the "B2" Records (if any are present).

FORM 940 TAX DATA "B1" RECORD LAYOUT

General Information:

1. "B1" Record is required for each taxpayer. Only one "B1" Record is allowed for a taxpayer. It must be the first Tax Data "B" Record reported for the taxpayer.
2. Money amount fields must be right justified with unused positions zero filled.
3. Special characters may only be used in the name line and street address fields and must be limited to those characters listed on page 11 of this publication.

Element Number	Length	Element Name	Entry or Definition
1	1	Record Type	"B" must be first character of each "B1" Record.
2	1	Record Subtype	"1" must be second character of each "B1" Record.
3	35	First Name Line Employer	First name line of the taxpayer. The first five positions cannot be all blank. Left justify and fill unused positions with blanks. (35 positions)
4	35	2nd Name Line Employer	Second name line of the taxpayer. If a continuation of the first name line, left justify and fill remaining unused positions with blanks. If not required, blank fill. (35 positions)
5	4	Name Control	Enter the alpha/numeric name control as furnished by the Service. (4 positions)
6	35	Street Address – Employer	Enter the street address of the employer. The first position must be a character. No more than one blank position may be used between characters. Street address must include number, street and apartment or suite number (or P.O. Box number if mail is not delivered to street address). Left justify and blank fill remaining unused positions. (35 positions)
7	20	City - Employer	Enter the city, town or post office in which the taxpayer is located. The first position must be a character. No more than one blank position may be used between characters. Left justify and fill remaining unused positions with blanks. (20 positions)
8	2	St Code - Employer	Enter the official post office two character state code. See page 54, State Abbreviations. (2 positions)
9	9	Zip Code - Employer	Enter the zip code of the taxpayer. If an expanded zip code is not used, left justify and blank fill the four unused positions. (9 positions)

Element Number	Length	Element Name	Entry or Definition
10	9	EIN - Employer	Enter the taxpayer's EIN. Do not include the hyphen. (9 positions)
11	1	Add Change Indicator	Entry required - Enter "1" if the taxpayer has requested a change of address and the taxpayer's new address has been given in elements 6-9 of this record. Otherwise, enter zero.
12	1	Final Return Indicator	Entry required - Enter "1" if this is a final return. Otherwise, enter zero.
13	1	Form 940 Filing Indicator	A one character numeric field used to describe the method in which a taxpayer files Form 940.

You must enter:

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

"1" If the taxpayer has met the requirement to pay all state contributions because the taxpayer was granted a zero percent experience rate by the state. The taxpayer is required to make contributions payments to only one state. None of the wages subject to FUTA tax is exempt from state unemployment tax.

or

If a taxpayer is required to pay contributions to only one state and no state contributions were made on a return with no FUTA taxable wages, use Form 940 Filing Indicator "1".

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

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

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

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

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

- The first state reporting number that is reported for the taxpayer must be entered in element 16 of this record.
- Any and all additional state reporting numbers for taxpayers who use filing indicator "0" or "1" (element 13) must consecutively follow in elements 17, 18 and 19 (as needed). Blank fill unneeded positions.
- Any and all additional state reporting numbers for taxpayers who must compute tentative credit; that is filing indicator is "2" or "3" (element 13) must be reported on the "B3" record. Elements 17-19 must be blank.

Reminder: If a taxpayer has been assigned more than four state reporting numbers by a state, a paper return must be filed.

Element Number	Length	Element Name	Entry or Definition
16	15	1 st -ST-Reporting-No	Enter the state reporting number assigned by the state unemployment agency. Do not include hyphens or other special characters. Left justify and blank fill remaining unused positions as necessary. (15 positions)
17	15	2 nd -ST-Reporting-No	Enter as needed per above instructions. (15 positions)
18	15	3 rd -ST-Reporting-No	Enter as needed per above instructions. (15 positions)
19	15	4 th -ST-Reporting-No	Enter as needed per above instructions. (15 positions)
20	15	Total Payments	Required. Enter the amount of total payments and include exempt payments made during the calendar year for services of employees. (15 positions)
21	13	Payments in Excess	The maximum taxable wages for employee varies with year. Enter only the amount that is over the first maximum wage amount paid to individual employees. Do not include exemption amounts. Do not use the state wage limitation. (13 positions)
22	11	Total FUTA Tax	Total FUTA Tax required. If filing indicator "0" or "1" is used enter Total Gross FUTA Tax plus Credit Reduction amount less the Maximum credit. If filing indicator "2" or "3" is used, enter Total Gross FUTA Tax plus Credit Reduction amount less the smaller of Total Tentative Credit or Maximum Credit..(11 positions)

Element Number	Length	Element Name	Entry or Definition
23	14	Total Taxes Deposit	Required. FTDs for the tax year plus deposited overpayment from overpayment from previous year (if the taxpayer elected to apply the previous year's overpayment to this tax year). (14 positions)
24	11	Overpaid from Previous year	Amount required only if the taxpayer made an election last year to have overpayment applied to the next return. Right justify and zero fill remaining unused positions. Enter zeros if no amount. (11 positions)
25	14	Balance due amount	Right justify and zero fill remaining unused positions. Enter zeros if no amount.
26	14	Excess/Credit	Amount required if the total taxes deposited plus transfer of overpayment from previous year exceeds Total FUTA Tax. Right justify and zero fill remaining unused positions. Zero fill if no amount. (14 positions).
27	1	Credit Elect Indicator	Entry Required. Enter zero if Excess/Credit is to be applied to next return. Enter "1" if Excess/Credit is to be refunded or if amount is zero.
28	15	Total Taxes Deposited for this year	Required. Tax deposits made for the tax year. (15 Positions)

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

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

Note: Elements 33-52 contain ten combinations of a two position exemption code and 11 position dollar and cents amount of wages exempted. The exemption codes to be used are described **on page 42** under **Exemption Codes** of this publication. Exemption amount fields must be right justified with zeroes in any remaining unused positions. All unused exemption code fields must be blank filled. All unused exemption amount fields must be zero filled. If entries are to be made, begin in elements 33-34 and proceed as necessary. If more than 10 Exemptions and Amounts needed use "B2" record.

Element Number	Length	Element Name	Entry or Definition
33	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
34	11	Exemption Amount	Enter the amount of the exemption for element 33. Enter zeros if the corresponding exemption code field is blank.
35	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
36	11	Exemption Amount	Enter the amount of the exemption for element 35. Enter zeros if the corresponding exemption code field is blank.
37	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
38	11	Exemption Amount	Enter the amount of the exemption for element 37. Enter zeros if the corresponding exemption code field is blank.
39	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemptions are claimed here.
40	11	Exemption Amount	Enter the amount of the exemption for element 39. Enter zeros if the corresponding exemption code field is blank.
41	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
42	11	Exemption Amount	Enter the amount of the exemption for element 41. Enter zeros if the corresponding exemption code field is blank.

Element Number	Length	Element Name	Entry or Definition
43	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
44	11	Exemption Amount	Enter the amount of the exemption for element 43. Enter zeros if the corresponding exemption code field is blank.
45	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
46	11	Exemption Amount	Enter the amount of the exemption for element 45 Enter zeros if the corresponding exemption code field is blank.
47	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
48	11	Exemption Amount	Enter the amount of the exemption for element 47 Enter zeros if the corresponding exemption code field is blank.
49	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
50	11	Exemption Amount	Enter the amount of the exemption for element 49 Enter zeros if the corresponding exemption code field is blank.
51	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
52	11	Exemption Amount	Enter the amount of the exemption for element 51 Enter zeros if the corresponding exemption code field is blank.

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

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

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

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

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

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

Element Number	Length	Element Name	Entry or Definition
62	6	State Experience Rate	2nd experience rate entry under computation of tentative credit. Expressed as a six position decimal.
63	10	Contributions actually paid to state	2nd entry for contributions paid to state (under computation of tentative credit). (10 positions)

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

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

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

Element Number	Length	Element Name	Entry or Definition
69	12	Taxable Payroll as defined in State Act	4th entry, taxable payroll under computation of tentative credit. (12 positions)
70	4	Date an Experience Rate took effect	4th entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.
71	4	Date an Experience Rate was changed	4th entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year enter 1231.

72	6	State Experience Rate	4th experience rate entry under computation of tentative credit. Expressed as a six position decimal.
73	10	Contributions actually paid to state	4th entry for contributions paid to state (under computation of tentative credit). (10 positions)
74	10	Personal-ID-Number (PIN)	Numeric -(Taxpayer's PIN when file is being submitted by a transmitter: otherwise –Blanks)
75	30	Reserved	Enter blanks
76	1	Linefeed	

FORM 940 TAX DATA "B2" RECORD LAYOUT

General Information.

1. The "B2" Record is a continuation of the taxpayer's explanation of exempt payments.
2. This record should be used only if the taxpayer has reasons for exempting payments that are in addition to the 10 reported in the "B1" Record.
3. Data must be present in Elements 1-6 of the "B2" Record.
4. Up to four (4) "B2" Records may follow a "B1" Record.
5. Each "B2" Record contains 10 combinations of a two position exemption code and 11 position dollar and cents amount of wages exempted.
6. The exemption codes to be used are described on page 42 of this publication.
7. Exemption amount fields must be right justified with any remaining positions zero filled.
8. All remaining unused exemption code fields must be blank filled. All remaining unused exemption amount fields must be zero filled.

Element Number	Length	Element Name	Entry or Definition
1	1	Record Type	"B" must be the first character of each Form 940 "B2" record
2	1	Record Subtype	"2" must be the second character of each Form 940 "B2" record

Element Number	Length	Element Name	Entry or Definition
3	9	EIN - Employer	Enter the taxpayer's EIN. Do not enter hyphens.
4	2	Sequence Number	A unique two character numeric field which indicates the order of records in the agent's file. The first "B2" Record for a taxpayer will contain a sequence number of "02". All subsequent "B2" Record sequence numbers must be incremented by 1.
5	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming.
6	11	Exemption Amount	Enter the amount of the exemption for element 5.
7	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
8	11	Exemption Amount	Enter the amount of the exemption for element 7 Enter zeros if the corresponding exemption code field is blank.
9	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
10	11	Exemption Amount	Enter the amount of the exemption for element 9 Enter zeros if the corresponding exemption code field is blank.
11	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
12	11	Exemption Amount	Enter the amount of the exemption for element 11 Enter zeros if the corresponding exemption code field is blank.
13	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here
14	11	Exemption Amount	Enter the amount of the exemption for element 13 Enter zeros if the corresponding exemption code field is blank.
15	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
16	11	Exemption Amount	Enter the amount of the exemption for element 15 Enter zeros if the corresponding exemption code field is blank.

Element Number	Length	Element Name	Entry or Definition
17	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
18	11	Exemption Amount	Enter the amount of the exemption for element 17 Enter zeros if the corresponding exemption code field is blank.
19	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
20	11	Exemption Amount	Enter the amount of the exemption for element 19 Enter zeros if the corresponding exemption code field is blank.
21	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
22	11	Exemption Amount	Enter the amount of the exemption for element 21 Enter zeros if the corresponding exemption code field is blank.
23	2	Exemption Code	Enter the approved two character numeric exemption code for the exemption the taxpayer is claiming. Enter blanks if no exemption is claimed here.
24	11	Exemption Amount	Enter the amount of the exemption for element 23 Enter zeros if the corresponding exemption code field is blank.
25	577	Reserved	Enter blanks
26	1	Linefeed	

FORM 940 TAX DATA "B3" RECORD LAYOUT

General Information.

1. The "B3" Record is a continuation of state tax information.
2. Tax data for the first state reported for a taxpayer must be entered in the "B1" Record.
3. Up to thirteen (13) Agent "B3" Records may follow a "B1" or "B2" Record.
4. Money amounts are dollars and cents. Money amounts must be right justified with any remaining positions zero filled.
5. Blank fill unused date fields.
6. Zero fill unused money amount and state experience rate fields.
7. If more than four experience rate changes occurred in one year for a given state code and reporting number, or if no experience rate was assigned by a state, or if a taxpayer was assigned more than four state reporting numbers for a state, a paper return must be filed for the taxpayer.
8. "No experience rate" does not mean a zero percent experience rate. Taxpayers granted a zero percent experience rate may file Form 940 Returns electronically.
9. All groups of state data for a given state code must consecutively follow the first occurrence of that state code. Repeat the state code with each additional state reporting number. Do not repeat a state reporting number.

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

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

Element Number	Length	Element Name	Entry or Definition
5	2	State Code	The two character state code assigned for a state (other than that of the taxpayer's residence). See page 54, State Abbreviations.
6	13	Credit Reduction Wages for Unrepaid Advances to States	Enter the wages for the state reported in Element 5 of this record if that state is a credit reduction state for the tax year. Otherwise, zero fill. (13 positions)
7	15	State Reporting Number	Enter the state reporting number for the taxpayer assigned by the state unemployment agency. Do not include hyphens or special characters. Left justify and blank fill any remaining positions. (15 positions)

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

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

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

Element Number	Length	Element Name	Entry or Definition
13	12	Taxable Payroll as defined in State Act	2nd entry, taxable payroll under computation of tentative credit.
14	4	Date an Experience Rate took effect	2nd entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.
15	4	Date an Experience Rate was changed	2nd entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.
16	6	State Experience Rate	2nd experience rate entry under computation of tentative credit. Expressed as a six position decimal.
17	10	Contributions actually paid to state	2nd entry for contributions paid to state (under computation of tentative credit). (10 positions)

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

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

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

Element Number	Length	Element Name	Entry or Definition
23	12	Taxable Payroll as defined in State Act	First entry, taxable payroll under computation of tentative credit.
24	4	Date an Experience Rate took effect	First entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.
25	4	Date an Experience Rate was changed	First entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.
26	6	State Experience Rate	First experience rate entry under computation of tentative credit. Expressed as a six position decimal.
27	10	Contributions actually paid to state	First entry for contributions paid to state (under computation of tentative credit). (10 positions)

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

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

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

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

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

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

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

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

Element Number	Length	Element Name	Entry or Definition
41	12	Taxable Payroll as defined in State Act	3rd entry, taxable payroll under computation of tentative credit.
42	4	Date an Experience Rate took effect	3rd entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.

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

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

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

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

Element Number	Length	Element Name	Entry or Definition
51	2	State Code	The two character state code assigned for a state (other than that of the taxpayer's residence).
52	13	Credit Reduction Wages for Unrepaid advances to states	Enter the wages for the state reported in element 51 of this record if that state is a credit reduction state for the tax year. Otherwise, zero fill. (13 positions)
53	15	State Reporting Number	Enter the state reporting number for the taxpayer assigned by the state unemployment agency. Do not include hyphens or special characters. Left justify and blank fill any remaining positions. (15 positions)

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

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

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

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

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

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

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

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

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

Element Number	Length	Element Name	Entry or Definition
74	2	State Code	The two character state code assigned for a state (other than that of the taxpayer's residence) See page 54 of this publication for State Abbreviations
75	13	Credit Reduction Wages for Unrepaid advances to states	Enter the wages for the state reported in element 74 of this record if that state is a credit reduction state for the tax year. Otherwise, zero fill. (13 positions)
76	15	State Reporting Number	Enter the state reporting number for the taxpayer assigned by the state unemployment agency. Do not include hyphens or special characters. Left justify and blank fill any remaining positions. (15 positions)

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

Element Number	Length	Element Name	Entry or Definition
77	12	Taxable Payroll as defined in State Act	First entry, taxable payroll under computation of tentative credit.
78	4	Date an Experience Rate took effect	First entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.
79	4	Date an Experience Rate was changed	First entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.
80	6	State Experience Rate	First experience rate entry under computation of tentative credit. Expressed as a six position decimal.
81	10	Contributions actually paid to state	First entry for contributions paid to state (under computation of tentative credit). (10 positions)

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

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

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

Element Number	Length	Element Name	Entry or Definition
87	12	Taxable Payroll as defined in State Act	3rd entry, taxable payroll under computation of tentative credit.
88	4	Date an Experience Rate took effect	3rd entry, from-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If continued from previous year, enter 0101.
89	4	Date an Experience Rate was changed	3rd entry, to-date of state experience rate period (under computation of tentative credit). Enter in numeric month and day format (MMDD). If the rate is continued to the next calendar year, enter 1231.
90	6	State Experience Rate	3rd experience rate entry under computation of tentative credit. Expressed as a six position decimal.
91	10	Contributions actually paid to state	3rd entry for contributions paid to state (under computation of tentative credit). (10 positions)

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

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

Checkpoint Total "C" Records

Description: The "C" Record provides a written checkpoint total after each (including the last) 100 or fewer "B1" records. The "C" record is placed after any "B2" or "B3" records associated with the "B1" records. If the number of "B1" records in the file is not a multiple of 100, a "C" record is also required after the last "B1" record.

Each "C" Record tallies the total number of each type of "B" record. The sum total FUTA Tax of each of the preceding "B1" (Element 22) Records are also totaled on the "C" Record. See Record Layout for complete field descriptions and character positions. General guidelines are as follows.

1. Only Form 940 data may be present.
2. The "C" Record must follow a "B" type Record.
3. The "C" Record must be followed by a "B1" Record unless the "C" Record is at the end of the file and then it must be followed by the End of File "E" Record.
4. All money amount fields must contain dollars and cents. Money fields are right justified with zero filling to the left. All unused amount fields must be zero filled.
5. The record length must be 720 characters plus terminating linefeed to make it 721 bytes long.
6. Errors in the data or structure of the "C" Record could prevent normal processing of the file.

FORM 940 AGENT "C" RECORD LAYOUT

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

End of File "E" Record

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

See Record Layout for complete field descriptions and character positions.

General guidelines

1. Only Form 940 data may be present.
2. The "E" Record must follow the last Agent "C" Record.
3. All money amount fields must contain dollars and cents. Money fields are right justified with zero filling to the left. All unused amount fields must be zero filled.
4. The record length must be 720 characters plus terminating linefeed to make it 721 bytes long.
5. The "E" Record must be the last record on the file.
6. Errors in the data or structure of the "E" Record could prevent normal processing of the file.

FORM 940 AGENT "E" RECORD LAYOUT

Element Number	Length	Element Name	Entry or Definition
1	1	Record Type	"E" must be the first character of the Form 940 "E" Record
2	6	Number of "B1" Records	Enter the sum of "B1" Records you are reporting on the file
3	6	Number of "B2" Records	Enter the sum of "B2" Records you are reporting on the file
4	6	Number of "B3" Records	Enter the sum of "B3" Records you are reporting on the file
5	16	Total "B1" Record Taxes	Enter the sum of the taxes on all "B1" Records reported on the file.
6	685	Reserved	Enter blanks
7	1	Linefeed	

ACKNOWLEDGEMENT RECORD LAYOUT

Element Number	Length	Element Name	Entry or Definition
1	9	EIN-AGENT	Alpha/Numeric
2	10	ETR-JOB-NUMBER	Alpha/Numeric
3	9	EIN-940	Alpha/Numeric
4	3	Error Code	Numeric or Blank
5	3	Error Code	Numeric or Blank
6	1	ERR-CD	Alpha/Numeric

ERROR REJECTION CODES

Reject Codes for Form 940 Returns filed Electronically

Reject Code description

Reject Code The error codes are for both 940 efile and OnLine transmissions.

200 - EIN does not match Trading Partner's record in the Customer Database

240 - Test/Production mode does not match Trading Partner test/production indicator in Customer Database (CDB).

245 - First record does not begin with A

250 - No "E" record found at the end of the file.

255 - Second record does not begin with B

260 - A record does not end with a linefeed.

265 - Invalid Pin

275 - Subtype record is not 1, 2 or 3.

280 - Trading Partner not registered to file 940 e-file/OLF

285 - Duplicate EIN

Additional errors that cause the transmission to reject

Error

Code Literal Meaning

001 FIRST RECORD OF AGENT NOT A-RECORD

002 LAST RECORD OF AGENT NOT E-RECORD

003 INVALID REC TYPE

004 INVALID REC SEQ IN A SEQ CK

005 INVALID REC SEQ IN B1 SEQ CK

006 INVALID REC SEQ IN C SEQ CK

007 INVALID REC SEQ IN E SEQ CK

008 EIN/SEQ ERR IN B2 RECORD

009 EIN/SEQ ERR IN B3 RECORD

010 INVALID TAX PERIOD

011 DUPLICATE EIN IN B1 RECORD

015 INVALID EIN AGENT

020 INVALID NAME LINE 1 AGENT

025 INVALID CITY AGENT

030 INVALID STATE CD AGENT

035 INVALID ZIP CODE AGENT

040 TYPE OF RETURN NOT FORM 940

041 MORE THAN 4 "B2" OR MORE THAN 13 "B3" RECORDS

Math and consistency validation checks (U551 errors)

These errors indicate that significant errors were detected in the submitted return.

551A TXPYR-CREDIT VS OVERPAYMENT

551C EXEMPT-PAYMENTS EXCEED TOTAL-WAGES-PAID

551D TOTAL-WAGES EQUAL EXCESS-PAYMENTS

Exemption Codes

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

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

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

Exemption Code	Special classes of employment Special types of payments
*70	Retirement and pension plans.
*75	Sickness or injury payments.
*80	Students.
90	Fringe benefits that qualify for exclusion. See Publication 15-B
91	Group-term life insurance costs, Cafeteria Plans.
92	Nontaxable scholarships and fellowship grants. Taxability depends on the nature of the employment and the status of the organization. See Circular E for additional information.
93	Indian Tribal Government/ subsidiaries/etc. (See Pub. 15)

Subdivision for Aliens classification

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

Subdivisions for Family Employees classification

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

Subdivisions for Federal Employees classification

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

Subdivision for Fishing and Related Activities classification

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

Subdivisions for Foreign Service by U.S. Citizens classification

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

Subdivisions for Insurance Agents or Solicitors classification

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

Subdivisions for Meals and Lodging classification

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

Subdivisions for Non-Profit Organization classification

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

Subdivisions for Retirement and Pension Plans classification

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

Subdivisions for Sickness or Injury Payments classification

Exemption Code	Special classes of employment Special types of payments
76	Workmen's compensation law.
77	Certain employer plan payments after the end of 6 calendar months after calendar month employee last worked for employer.

78 No employer plan payments after the end of 6 calendar months after calendar month employee last worked for employer.

Subdivisions for Students classification

Exemption Code	Special classes of employment Special types of payments
81	Student working for private school, college or university, if enrolled and regularly attending classes.
82	Student performing services for auxiliary nonprofit organization described in Section 509(a)(3) of the Code which is organized and operated exclusively for the benefit of and supervised or controlled by a school, college or university at which the student is enrolled and regularly attending classes.
83	Student working for a public school, college or university, if enrolled and regularly attending classes, and student nurse working for a public hospital, unless the services are covered under a Section 218 agreement.
84	Spouse of student provided the conditions set forth in Circular E are met.
85	Student enrolled in a full time program at a nonprofit or public educational institution, provided the conditions set forth in Circular E are met.
86	Student nurse working for hospital as incidental part of student nurse's training, where employment is substantially less than full-time, and total earnings are nominal.
87	Students employed by organized camps (Section 3306(c)(20) of the Code).

Electronic Letter of Application

Background

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

LoA Transmission Requirements

- All LoA transmission files must be in ASCII format.
- Each logical record within a transmission file shall begin with a four byte field.
- This field will contain a count of the number of bytes within the logical record (including the four bytes for the counter itself and all remaining bytes including the Terminus (#) Character).
- Each logical record within a transmission file shall have the Start-Of-Record Sentinel as its second four byte field. The Start-Of-Record Sentinel must be four asterisks (****).
- Every logical record shall have the record Terminus Character (#) as its last significant byte.
- The first two records on each LoA transmission file must be the Transmitter records ("TRANA" and "TRANB") which will contain data entered by the Transmitter. The TRANA and TRANB records will be followed by any number of Electronic LoA records. The last record of the file must be a RECAP record which is used for file and transmission control purposes.
- No LoA field values shall contain the delimiter ("[" or "]") or terminus "#" characters.
- LoA fields shall contain only character (alphanumeric) data. This means all numeric data must be unsigned ASCII numeric characters (i.e., no binary data).
- Only alphanumeric data shall contain special characters. The allowable special character set is limited to hyphen ("-"), slash ("/"), period ("."), comma (",") and ampersand ("&").

LoA TRANA RECORD LAYOUT

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

LoA TRANB RECORD FORMAT

FIELD	START POSITION	LENGTH	DESCRIPTION/CONTENTS
Byte Count	1	4	Numeric, Value = "0120"
Record Sentinel	5	4	Value = "*****"
Record Identifier	9	6	Value = "TRANB "
Employer Identification Number of transmitter	15	9	Numeric (Must match Field in TRANA Record)
Transmitter Address	24	35	Alphanumeric
Transmitter City, State, Zip Code	59	35	Alphanumeric

Transmitter Area Code and Phone Number	94	10	Numeric
Reserved	104	16	Blanks
Record Terminus Character	120	1	Value = "#"

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

LoA

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

Notes: 1 -field is optional

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

LoA RECAP Record Format

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

LOA Error Acknowledgments

1. "INVALID PROCESSING SITE DESIGNATOR. E=AUSTIN"	If the Site Designator in column 75 of the TRANA record is not 'E' (Austin) the EEC will reject the transmission.
2. "NON-ASCII FORMAT"	If the acknowledgment transmission format in column 96 of the TRANA record is not 'A' ascii, the EEC will reject the transmission.
3. "INVALID RECORD TYPE"	If the record type in column 97 of the TRANA record is not 'V' for variable, the EEC will reject the transmission.
4*. "INVALID FORM FORMAT BEGINNING AT RECORD N"	For LOA transmissions, the message is issued if the LOA form does not contain [LOA 01].

General Information

Glossary

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

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

ASCII: American Standard Code for Information Interchange.

B: Denotes a blank position.

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

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

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

EMS: Electronic Management System; a component of the IRS's information systems infrastructure which receives, and acknowledges electronically filed tax returns in Cincinnati by way of TCC.

FTD: Federal Tax Deposit

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

FUTA: Federal Unemployment Tax Act.

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

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

Letter of Application (LoA): The LoA is the vehicle used by a Trading Partner to obtain an EMS login/password combination to access the EMS; also used by Reporting Agents and Business Taxpayers to obtain a PIN to use as an electronic "signature" for electronically filed Forms 940.

- Reporting Agents also use the LoA to apply to get into the program with both a Reporting Agent's list identifying all taxpayers for whom the Agent will file Forms 940 electronically and a Form 8655 for each taxpayer.
- The LoA is done electronically for the Business Taxpayer.

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

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

POA: Power of Attorney.

RAA: Reporting Agent Authorization.

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

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

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

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

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

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

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

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

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

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

State Abbreviations

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

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

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

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

When reporting APO/FPO addresses use the following format:

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

Sample Letter of application for a Reporting Agent

Alpha Reporting Agent, Inc
111 Main S
Columbus, NY 11111
EIN – ##-#####

[DATE]

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

To whom it may concern:

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

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

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

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

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

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

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

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

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

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

I expect to use **[software brand name]** software for electronic transmissions.

I have included with this application a Reporting Agent 's List and an Authorization for each taxpayer on my Reporting Agent's List .

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

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

Sample Letter of Application for a Software Developer

BBB Application Developers
111 Main St.
Columbus, NY 11111
EIN – ##-#####

[Date]

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

To whom it may concern:

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

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

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

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

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

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

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

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

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

Sample Letter of Application for a Transmitter

CCC Payroll Interline, Inc
111 Main S
Columbus, NY 11111
EIN – ##-#####

[Date]

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

To whom it may concern:

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

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

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

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

I will use **[name of software brand or development name]** release version **[number]** for electronic transmissions.

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

[Signature of Transmitters

Authorized Signatory]

Privacy Act Notice.—The Privacy Act of 1974 requires that when we ask you for information we tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it and whether your response is voluntary, required to obtain a benefit, or mandatory.

Our legal right to ask for the information is Internal Revenue Code sections 6001, 6011, and 6012(a) and their regulations. We are asking for this information to verify your standing as a person qualified to participate in the electronic filing program. Your response is voluntary. Failure to provide the requested information could result in your disqualification from the electronic filing program. If you provide fraudulent information, you may be subject to criminal prosecution.

Paperwork Reduction Act Notice.—We ask for the information on this form to carry out the Internal Revenue laws of the United States. You must give us the information if you wish to participate in the electronic/magnetic media filing program. We need it to process your application/registration to file Business Returns on electronic/magnetic media.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The time needed to complete this form will vary depending upon individual circumstances. The estimated average time is 18 minutes. If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send this application to this office. Instead, see instructions below for **Where to file**.

General Instructions

Who must file.—File Form 9041 if you would like to take part in the electronic/magnetic media filing program for Forms 940, 941, 1041, and 1065. Only those who did not participate in last year's electronic/magnetic media filing program need apply, and those for whom information in item 1 has changed since we last contacted you.

When to file.—To ensure complete and timely review of your application, file Form 9041 at least 60 calendar days before you file electronically. IRS uses the postmark date on the envelope to determine whether the application was filed timely.

Where to file:

Send the completed Form 9041 to:

Internal Revenue Service
Austin Submission Processing Center
Attn: EFU, Stop 6380
P.O. Box 1231
Austin, TX 78767
Phone: 512-460-8900

Reporting Agents Please Note: Your application must be accompanied by your Agent's List, containing the names and EINs of the taxpayers for whom you will be filing returns. In addition, you must have an authorization made on Form 8655, with a revision date of October 1995 or later (or its equivalent), for each taxpayer on the Agent's List. For instructions regarding Form 8655, please refer to Revenue Procedure 96-17.

Specific Line Instructions

Line 1c.—If you have both a post office box and street address, enter both addresses for the firm's main office. We need both addresses in case we need to send information to you by overnight mail.

Line 1d.—If this information changes, please notify the IRS Service Center where you originally filed Form 9041. We need this information in case questions arise and to fax revised documentation or the Acknowledgement Report if it is six pages or less.

Line 2.—If you want to electronically file a form that is not listed and you know we have added it to our electronic filing program since this form's revision date (lower right corner), please enter it on one of the blank lines labeled Form. See Publication 1524, procedures for more information about filing Form 1065 electronically.

Line 5.—If this information changes, please notify the appropriate service center. If you will use your own software or communication equipment, please indicate this in the space provided. Please include the name, address, phone number, and contact person's name, if applicable.

Line 6.—Please enter the approximate number of each return type that you anticipate filing. If you are filing Forms 1065 or 1041, please also indicate the estimated number of Schedules K-1 that you will be filing.

Line 7.—Use this space to include any additional information that you believe we will require to process your application.

Line 10.—Enter the name and title of the individual that is the designated recipient of the Personal Identification Number (PIN). This is the individual who is authorized to sign returns on behalf of the business, or for their clients (Reporting Agents).

