

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

- Tape Cartridges
- Electronic Filing

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

26 CFR 601.602: Tax forms and instructions.

## **Rev. Proc. 2005-41**

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**PART A. GENERAL**

**Sec. 1. Purpose**

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

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

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

**.03** This revenue procedure supersedes the following: Rev. Proc. 2000–49 published as Publication 1239 (Rev. 11–2000), Specifications for Filing Form 8027, Employer’s Annual Information Return of Tip Income and Allocated Tips, Magnetically or Electronically. This revenue procedure is effective for Forms 8027 due the last day of February 2006 and any returns filed thereafter.

**Sec. 2. Nature of Changes**

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

**.01** The Martinsburg Computing Center’s name was changed to the Enterprise Computing Center – Martinsburg (ECC-MTB).

**.02** IRS/ECC-MTB no longer accepts 8mm, 4mm, Quarter-Inch Cartridges (QIC ) for the processing of information returns. Filing with 3½-inch diskettes will be discontinued for Tax Year 2006. While IRS/ECC-MTB will accept 3½-inch diskette filing for Tax Year 2005, specifications were deleted from this revision since this publication is revised infrequently. Filers should consult previous revisions for diskette specifications if you are planning to submit 3½-inch diskettes this year.

**.03** Part B, Electronic Filing Specifications, was completely revised. Please read carefully. We now offer an internet connection at <http://fire.irs.gov>.

**.04** The organization of information in Publication 1239 was changed for emphasis and clarity. Part D, Miscellaneous Information, was deleted since this information is found in Part A, Sec. 3. Part B is now Electronic Filing Specifications, Part C is Magnetic Media Specifications.

**.05** The title of Publication 1239 was changed to Specifications for Filing Form 8027, Employer’s Annual Information Returns of Tip Income and Allocated Tips, Electronically or Magnetically.

**Sec. 3. Where to File and How to Contact the IRS, Enterprise Computing Center - Martinsburg**

**.01** All Forms 8027 filed magnetically are processed at IRS/ECC-MTB and are to be sent to the following address:

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

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

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

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

**.05** The Information Reporting Program Customer Service Section (IRP/CSS), located at IRS/ECC-MTB, answers electronic/magnetic media, paper filing, and tax law questions from the payer community relating to the correct preparation and filing of business information returns (Forms 1096, 1098, 1099, 5498, 8027, W-2G, and W-4). IRP/CSS also answers questions relating to the electronic/magnetic media filing of Forms 1042-S and to the tax law criteria and paper filing instructions for Forms W-2 and W-3. Inquiries dealing with backup withholding and reasonable cause requirements due to missing and incorrect taxpayer identification numbers are also addressed by IRP/CSS. Assistance is available year-round to payers, transmitters, and employers nationwide, Monday through Friday, 8:30 a.m. to 4:30 p.m. Eastern Time, by calling toll-free **1-866-455-7438** or via email at [mccirp@irs.gov](mailto:mccirp@irs.gov). **Do not include SSNs or EINs in emails since this is not a secure line.** The Telecommunications Device for the Deaf (TDD) toll number is **304-267-3367**. Call as soon as questions arise to avoid the busy filing seasons at the end of January and February. Recipients of information returns (payees) should continue to contact 1-800-829-1040 with any questions on how to report the information returns data on their tax returns.

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

### **Information Reporting Program Customer Service Section**

**TOLL-FREE 1-866-455-7438 or outside the U.S. 1-304-263-8700**

**email at [mccirp@irs.gov](mailto:mccirp@irs.gov)**

**304-267-3367 — TDD  
(Telecommunication Device for the Deaf)**

**304-264-5602 — Fax Machine  
Electronic Filing — FIRE system**

**<http://fire.irs.gov>**

#### **TO OBTAIN FORMS:**

**1-800-TAX-FORM (1-800-829-3676)**

**[www.irs.gov](http://www.irs.gov) — IRS Website access to forms**

## **Sec. 4. Filing Requirements**

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

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

**.03** Filing electronically through the FIRE system with IRS/ECC-MTB fulfills the magnetic media filing requirement.

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

## **Sec. 5. Form 8508, Request for Waiver From Filing Information Returns Magnetically**

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Sec. 6. Form 4419, Application for Filing Information Returns Electronically/Magnetically**

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

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

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

**.04** After you have received approval to file electronically/magnetically, you do not need to reapply each year; however, notify IRS in writing if:

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

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

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

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

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

## **Sec. 7. Test Files**

**.01** IRS/ECC-MTB encourages new filers to submit test files for review in advance of the filing season. Employers or transmitters must be approved to file electronically/magnetically before a test file is submitted (See Part A, Sec. 6 for application procedures.)

**.02** All test files must be submitted between October 1 and December 15 of the year before the returns are due. *If you are filing electronically, you may submit a test file through February 15 of the year the returns are due.*

## **Sec. 8. Filing Forms 8027 Electronically/Magnetically**

**.01** Form 4804, Transmittal of Information Returns Reported Magnetically, must accompany **all** magnetic media shipments.

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

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

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

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

**.05** Indicate on Form 4804 in block 8 the total number of establishments being reported in this shipment. This figure should match the total number of records in your magnetic file.

**.06 DO NOT SUBMIT THE SAME INFORMATION ON PAPER FORMS THAT YOU SUBMIT ELECTRONICALLY/MAGNETICALLY, SINCE THIS WOULD RESULT IN DUPLICATE FILING.** This does not mean that corrected documents are not to be filed. If a return has been prepared and submitted improperly, you must file a corrected return as soon as possible. Refer to Part A, Sec. 14 for requirements and instructions for filing corrected returns.

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

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

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

- (a) A **signed** Form 4804, Transmittal of Information Returns Reported Magnetically.
- (b) Your tape cartridge should be labeled with an external identifying label. Notice 210 describes the information which should be included on this self-prepared label.
- (c) On the outside of the shipping container, affix the label, IRB Special Projects. This label is included in this publication.

**Note: See Part B for electronic submission requirements.**

**.10** IRS/ECC-MTB will not pay or accept “Collect on Delivery” or “Charged to IRS” shipments of reportable tax information that an individual or organization is legally required to submit.

## Sec. 9. Filing Dates

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

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

## Sec. 10. State Abbreviations

**.01** The following state and U.S. territory abbreviations are to be used when developing the state code portion of address fields.

State	Code	State	Code	State	Code
Alabama	AL	Kentucky	KY	No. Mariana Islands	MP
Alaska	AK	Louisiana	LA	Ohio	OH
American Samoa	AS	Maine	ME	Oklahoma	OK
Arizona	AZ	Marshall Islands	MH	Oregon	OR
Arkansas	AR	Maryland	MD	Pennsylvania	PA
California	CA	Massachusetts	MA	Puerto Rico	PR
Colorado	CO	Michigan	MI	Rhode Island	RI
Connecticut	CT	Minnesota	MN	South Carolina	SC
Delaware	DE	Mississippi	MS	South Dakota	SD
District of Columbia	DC	Missouri	MO	Tennessee	TN
Federated States of Micronesia	FM	Montana	MT	Texas	TX
Florida	FL	Nebraska	NE	Utah	UT
Georgia	GA	Nevada	NV	Vermont	VT
Guam	GU	New Hampshire	NH	Virginia	VA
Hawaii	HI	New Jersey	NJ	(U.S.) Virgin Islands	VI
Idaho	ID	New Mexico	NM	Washington	WA
Illinois	IL	New York	NY	West Virginia	WV
Indiana	IN	North Carolina	NC	Wisconsin	WI
Iowa	IA	North Dakota	ND	Wyoming	WY
Kansas	KS				

**.02** Filers must adhere to the city, state, and ZIP Code format for U.S. addresses. This also includes American Samoa, Federated States of Micronesia, Guam, Marshall Islands, Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

## Sec. 11. Extension of Time

.01 An extension of time to file may be requested for Form 8027.

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

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

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

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

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

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

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

.09 Request an extension for only one tax year.

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

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

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

**Note: An extension of time is not an extension to issue form W-2 to the employee.**

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

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

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

## Sec. 12. Processing of Information Returns Electronically/Magnetically

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

.02 If the magnetic media is formatted incorrectly, you will receive a letter of explanation along with a Media Tracking Slip (Form 9267). When a replacement file is requested, it is because IRS/ECC-MTB encountered errors (not limited to format) and was unable to process the file. Open all packages immediately.

.03 Magnetic files must be corrected and returned with the Media Tracking Slip (Form 9267) to IRS/ECC-MTB within 45 days from the date of the letter from IRS/ECC-MTB requesting the replacement file. A penalty for failure to file correct information returns by the due date will be assessed if the file is not corrected and replaced within the 45 days **or if the incorrect file is returned by**

**IRS/ECC-MTB for replacement more than two times.** A penalty for intentional disregard of filing requirements will be assessed if a replacement file is not received.

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

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

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

**Note: Corrections should only be made to forms that have been submitted incorrectly, not the entire file.**

- (b) A **replacement** is an information return file sent by the employer/transmitter **at the request** of IRS/ECC-MTB because of errors encountered while processing the filer's original file or correction file.

**Note 1: Filers should never send anything to IRS/ECC marked "Replacement" unless IRS/ECC-MTB requested a replacement in writing or via the FIRE System.**

**Note 2: Beginning in calendar year 2007 for Tax Year 2006, IRS/ECC-MTB will no longer accept 3 1/2-inch diskettes for the filing of Form 8027.**

## **Sec. 13. Penalties**

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

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

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

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

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

## **Sec. 14. Corrected Returns, Substitute Forms, and Computer-Generated Forms**

**.01** If returns must be corrected, approved electronic/magnetic filers must provide such corrections electronically/magnetically if you have 250 or more. If your information is filed electronically/magnetically, corrected returns are identified by using the "Corrected 8027 Indicator" in field position 370 of the employer record. Form 4804 must accompany the tape cartridge shipment, and the box for correction should be marked in Block 1 of the form. (See Part A, Sec. 12.05 for the definition of corrections.)

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

**.03** Employers/establishments may send corrected paper Forms 8027 to IRS at the address shown in Part A, Sec. 15.01. Corrected paper returns are identified by marking the "AMENDED" check box on Form 8027.

## **Sec. 15. Effect on Paper Returns**

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

IRS/ECC-MTB processes Forms 8027 submitted electronically/magnetically only. Do not send paper Forms 8027 to IRS/ECC-MTB.

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

## Sec. 16. Definition of Terms

ELEMENT	DESCRIPTION
EIN	A nine-digit Employer Identification Number which has been assigned by IRS to the reporting entity.
Employer	The organization supplying their information. Use the same name and EIN you used on your Forms W-2 and Forms 941.
Establishment	A large food or beverage establishment that provides food or beverage for consumption on the premises; where tipping is a customary practice; and where there are normally more than 10 employees who work more than 80 hours on a typical business day during the preceding calendar year.
More than 10 employees	An employer is considered to have more than 10 employees on a typical business day during the calendar year if half the sum of: the average number of employee hours worked per business day in the calendar month in which the aggregate gross receipts from food and beverage operations were greatest, <b>plus</b> the average number of employee hours worked per business day in the calendar month in which the total aggregate gross receipts from food and beverage operations were the least, <b>equals</b> more than 80 hours.
Employees hours worked	The average number of employee hours worked per business day during a month is figured by dividing the total hours worked during the month by all your employees who are employed in a food or beverage operation <b>by</b> the average number of days in the month that each food or beverage operation at which these employees worked was open for business.
File	For the purpose of this revenue procedure, a file consists of all electronic/magnetic records submitted by an Employer or Transmitter.
Transmitter	Person or organization preparing electronic/magnetic file(s). May be Employer or agent of Employer.
Transmitter Control Code (TCC)	A five-character alpha/numeric code assigned by IRS to the transmitter prior to actual filing electronically/magnetically. This number is inserted in the record and must be present. An application (Form 4419) must be filed with IRS to receive this number.
Replacement	A replacement is an information return file sent by the employer/transmitter <b>at the request</b> of IRS/ECC-MTB because of errors encountered while processing the filer's original file or correction file.
Correction	A correction is an information return submitted by the employer/transmitter to correct an information return that was previously submitted to and successfully processed by IRS, but contained erroneous information.



## PART B. ELECTRONIC FILING SPECIFICATIONS

**Note: The FIRE System is now on the Internet at <http://fire.irs.gov>. It is no longer a dial-up connection.**

### Sec. 1. General

**.01** Electronic filing of Forms 8027 information returns, originals and replacements, is offered as an alternative to magnetic media (tape cartridge) or paper filing. Filing electronically will fulfill the magnetic media requirements for those payers who are required to file magnetically. Payers who are under the filing threshold requirement are encouraged to file electronically. If the original file was sent magnetically, but IRS/ECC-MTB has requested a replacement file, the replacement may be transmitted electronically. Also, if the original file was submitted via magnetic media, any corrections may be transmitted electronically.

**.02** All electronic filing of information returns are received at IRS/ECC-MTB via the FIRE (Filing Information Returns Electronically) System. To connect to the FIRE System, point your browser to <http://fire.irs.gov>. The system is designed to support the electronic filing of information returns only.

**.03** The electronic filing of information returns is not affiliated with any other IRS electronic filing programs. Filers must obtain separate approval to participate in each of them. Only inquiries concerning electronic filing of information returns should be directed to IRS/ECC-MTB.

**.04** Files submitted to IRS/ECC-MTB electronically must be in standard ASCII code. Do not send magnetic media or paper forms with the same information as electronically submitted files. This would create duplicate reporting resulting in penalty notices.

**.05** The record format is the same for both electronically or magnetically filed records. See Part C, Magnetic Media Specifications.

### Sec. 2. Advantages of Filing Electronically

Some of the advantages of filing electronically are:

- (1) Security – Secure Socket Layer (SSL) 128-bit encryption.
- (2) Results available within 20 business days regarding the acceptability of the data transmitted. It is the filer's responsibility to log into the system and check results.
- (3) Better customer service due to on-line availability of transmitter's files for research purposes.

### Sec. 3. Electronic Filing Approval Procedure

**.01** Filers must obtain a Transmitter Control Code (TCC) prior to submitting files electronically. Filers who currently have a TCC for magnetic media filing may use their assigned TCC for electronic filing. Refer to Part A, Sec. 6, for information on how to obtain a TCC.

**.02** Once a TCC is obtained, electronic filers assign their own user ID, password and PIN (Personal Identification Number) and do not need prior or special approval. See Part B, Sec. 6, for more information on the PIN.

**.03** If a filer is submitting files for more than one TCC, it is not necessary to create a separate logon and password for each TCC.

**.04** For all passwords, it is the user's responsibility to remember the password and not allow the password to be compromised. Passwords are user assigned at first logon and must be 8 alpha/numeric characters containing at least 1 uppercase, 1 lowercase, and 1 numeric. However, filers who forget their password or PIN, can call **toll-free 1-866-455-7438** for assistance. The FIRE System may require users to change their passwords on a yearly basis.

### Sec. 4. Test Files

**.01** Filers are not required to submit a test file; however, the submission of a test file is encouraged for all new electronic filers to test hardware and software. If filers wish to submit an electronic test file for Tax Year 2005 (returns to be filed in 2006), it **must** be submitted to IRS/ECC-MTB **no earlier than** October 1, 2005, and **no later than** February 15, 2006.

**.02** Filers who encounter problems while transmitting the electronic test file can contact IRS/ECC-MTB **toll-free 1-866-455-7438** for assistance.

**.03** Filers must verify the status of the transmitted test data by going to <http://fire.irs.gov> and verifying the status of their file by clicking on CHECK FILE STATUS. This information will be available within 20 business days after the transmission is received by IRS/ECC-MTB.

**.04** Form 4804 is not required for test files submitted electronically. See Part B, Sec. 6.

### Sec. 5. Electronic Submissions

**.01** Electronically filed information may be submitted to IRS/ECC-MTB 24 hours a day, 7 days a week. Technical assistance will be available Monday through Friday between 8:30 a.m. and 4:30 p.m. Eastern time by calling **toll-free 1-866-455-7438**.

**.02 The FIRE System will be down from December 23, 2005 through January 3, 2006.** This allows IRS/ECC-MTB to update its system to reflect current year changes.

**.03** If you are sending files larger than 10,000 records electronically, data compression is encouraged. If you are considering sending files larger than 5 million records, please contact IRS/ECC-MTB for specifics. WinZip and PKZip are the only acceptable compression packages. IRS/ECC-MTB cannot accept self-extracting zip files or compressed files containing multiple files. The time required to transmit information returns electronically will vary depending upon the type of connection to the internet and if data compression is used. **The time required to transmit a file can be reduced by as much as 95 percent by using compression.**

**.04** Transmitters may create files using self assigned files name(s). Files submitted electronically will be assigned a new unique file name by the FIRE System. The filename assigned by the FIRE System will consist of submission type (ORIG [original], TEST [test], CORR [correction], and REPL [replacement]), the filer's TCC and a four-digit number sequence. The sequence number will be incremented for every file sent. For example, if it is your first original file for the calendar year and your TCC is 44444, the IRS assigned filename would be ORIG.44444.0001. **Record the filename.** This information will be needed by ECC-MTB to identify the file, if assistance is required.

**.05** If a file was submitted timely and is bad, the filer will have up to 60 days from the day the file was sent to transmit an acceptable file. If an acceptable file is not received within 60 days, then the payer could be subject to late filing penalties. This only applies to files originally submitted electronically.

**.06** The following definitions have been provided to help distinguish between a correction and a replacement:

- A **correction** is an information return submitted by the transmitter to correct an information return that was previously submitted to and successfully processed by IRS/ECC-MTB, but contained erroneous information. **(See Note.)**

**Note: Corrections should only be made to forms that have been submitted incorrectly, not the entire file.**

- A **replacement** is an information return file sent by the filer because the CHECK FILE STATUS option on the FIRE System indicated the original file was bad. After the necessary changes have been made, the file must be transmitted through the FIRE System. **(See Note.)**

**Note: Filers should never transmit anything to IRS/ECC-MTB as a "Replacement" file unless the CHECK FILE STATUS option on the FIRE System indicates the file is bad.**

**.07** The TCC in the Transmitter "T" Record must be the TCC used to transmit the file; otherwise, the file will be considered an error.

## **Sec. 6. PIN Requirements**

**.01** Filers will be prompted to create a PIN consisting of 10 numeric characters when establishing their initial logon name and password.

**.02** The PIN is required each time an ORIGINAL, CORRECTION, or REPLACEMENT file is sent electronically and is permission to release the file. It is not needed for a TEST file. An authorized agent may enter their PIN, however, the payer is responsible for the accuracy of the returns. The payer will be liable for penalties for failure to comply with filing requirements. If you forget your PIN, please call **toll-free 1-866-455-7438** for assistance.

## **Sec. 7. Electronic Filing Specifications**

**.01** The FIRE System is designed exclusively for the filing of Forms 8027, 1098, 1099, 5498, W-2G, 1042-S, and Questionable W-4.

**.02** A transmitter must have a TCC (see Part A, Sec. 6) before a file can be transmitted. A TCC assigned for magnetic media filing should also be used for electronic filing.

**.03** The results of the electronic transmission will be available in the CHECK FILE STATUS area of the FIRE System within 20 business days. It is the filer's responsibility to verify the acceptability of files submitted by selecting the CHECK FILE STATUS option.

## **Sec. 8. Connecting to the FIRE System**

**.01** Point your browser to <http://fire.irs.gov> to connect to the FIRE System.

**.02** When running Norton Internet Security or similar software, you may need to disable this feature if your file transfer does not complete properly.

**.03** Before connecting, have your TCC and EIN available.

**.04** Your browser must support SSL 128-bit encryption.

**.05** Your browser must be set to receive "cookies". Cookies are used to preserve your User ID status.

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

Click **“Create New Account”**.

Fill out the registration form and click **“Submit”**.

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

Enter and verify your **password** (the password is user assigned and must be 8 alpha/numerics, containing at least 1 uppercase, 1 lowercase and 1 numeric). FIRE may require you to change the password once a year.

Click **“Create”**.

If you receive the message **“Account Created”**, click **“OK”**.

Enter and verify your 10-digit self-assigned PIN (Personal Identification Number).

Click **“Submit”**.

If you receive the message **“Your PIN has been successfully created!”**, click **“OK”**.

Read the bulletin(s) and/or click **“Start the FIRE application”**.

### **Subsequent connections to The FIRE System**

Click **“Log On”**.

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

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

### **Uploading your file to the FIRE System**

At Menu Options:

Click **“Send Information Returns”**

Enter your **TCC**:

Enter your **EIN**:

Click **“Submit”**.

The system will then display the company name, address, city, state, ZIP Code, phone number, contact and email address. This information will be used to contact or send correspondence (if necessary) regarding this transmission. Update as appropriate and/or Click **“Accept”**.

Click one of the following:

**Original File**

**Correction File**

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

**NEW FIRE Replacement** (file was originally transmitted on this system)

Click the file to be replaced.

**Magnetic Media Replacement**

Enter the alpha character from Form 9267, Media Tracking Slip, that was sent with the request for replacement file. Click **“Submit”**.

Enter your 10-digit PIN.

Click **“Submit”**.

Click **“Browse”** to locate the file and open it.

Click **“Upload”**.

**When the upload is complete, the screen will display the total bytes received and tell you the name of the file you just uploaded.**

If you have more files to upload for that TCC:

Click **“File Another?”**; otherwise,

Click **“Main Menu”**.

**It is your responsibility to check the acceptability of your file; therefore, be sure to check back into the system in 20 business days using the CHECK FILE STATUS option.**

### Checking your FILE STATUS

At the Main Menu:

Click *“Check File Status”*.

Enter your *TCC*:

Enter your *EIN*:

Click *“Search”*.

If “Results” indicate:

*“Good, Released”* — File has been released to our mainline processing.

*“Bad”* — Correct the errors and timely resubmit the file as a “replacement”.

*“Not yet processed”* — File has been received, but we do not have results available yet. Please check back in a few days.

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

When you are finished, click on **Main Menu**.

Click *“Log Out”*.

Close your Web Browser.

## **Sec. 9. Common Problems and Questions Associated with Electronic Filing**

.01 The following are the major errors associated with electronic filing:

### NON-FORMAT ERRORS

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#### **1. Transmitter does not check the FIRE System to determine file acceptability.**

The results of your file transfer are posted to the FIRE System within 20 business days. It is your responsibility to verify file acceptability and, if the file contains errors, you can get an online listing of the errors. Date received and number of payee records are also displayed.

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#### **2. Incorrect file is not replaced timely.**

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

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#### **3. Transmitter compresses several files into one.**

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

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

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

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#### **5. File is formatted as EBCDIC.**

All files submitted electronically must be in standard ASCII code.

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#### **6. Transmitter has one TCC number, but is filing for multiple companies, which EIN should be used when logging into the system to send the file?**

When sending the file electronically, you will need to enter the EIN of the company assigned to the TCC. When you upload the file, it will contain the EINs for the other companies that you are filing for. This is the information that will be passed forward.

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## 7. Transmitter sent the wrong file, what should be done?

Call us as soon as possible **toll-free 1-866-455-7438**. We may be able to stop the file before it has been processed. **Please do not send a replacement for a file that is marked as a good file.**

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## PART C. MAGNETIC MEDIA SPECIFICATIONS

**.01** Transmitters should be consistent in the use of recording codes and density on files. If the media does not meet these specifications, IRS/ECC-MTB will request a replacement file. Filers are encouraged to submit a test prior to submitting the actual file. Contact IRS/ECC-MTB **toll-free 1-866-455-7438, extension 5** for further information.

### Sec. 1. Tape Cartridge Specifications

**.01** In most instances, IRS/ECC-MTB can process tape cartridges that meet the following specifications:

- (a) Must be IBM 3480, 3490, 3490E, 3590, or 3590E.
- (b) Must meet American National Standard Institute (ANSI) standards, and have the following characteristics:
  - (1) Tape cartridges must be 1/2-inch tape contained in plastic cartridges that are approximately 4-inches by 5-inches by 1-inch in dimension.
  - (2) Magnetic tape must be chromium dioxide particle based 1/2-inch tape.
  - (3) Cartridges must be 18-track, 36-track, 128-track or 256-track parallel (**See Note.**)
  - (4) Cartridges will contain 37,871 CPI, 75,742 CPI, or 3590 CPI (characters per inch).
  - (5) Mode will be full function.
  - (6) The data may be compressed using EDRC (Memorex) or IDRC (IBM) compression.
  - (7) Either EBCDIC (Extended Binary Coded Decimal Interchange Code) or ASCII (American Standard Coded Information Interchange) may be used.

**.02** The tape cartridge records defined in this Revenue Procedure may be blocked subject to the following:

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

**.03** Tape cartridges may be labeled or unlabeled.

**.04** For the purposes of this Revenue Procedure, the following must be used:

Tape Mark:

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

**Note: Filers should indicate on the external media label whether the cartridge is 18-track, 36-track, 128-track or 256-track.**

## Sec. 2. Record Format and Layout

### FORM 8027 RECORD FORMAT

Field Position	Field Title	Length	Description and Remarks
1	Establishment Type	1	<b>Required.</b> This number identifies the kind of establishment. Enter the number which describes the type of establishment, as shown below: 1. for an establishment that serves evening meals only (with or without alcoholic beverages). 2. for an establishment that serves evening meals and other meals (with or without alcoholic beverages). 3. for an establishment that serves only meals other than evening meals (with or without alcoholic beverages). 4. for an establishment that serves food, if at all, only as an incidental part of the business of serving alcoholic beverages.
2-6	Establishment Serial Numbers	5	<b>Required.</b> These five-digit Serial Numbers are for identifying individual establishments of an employer reporting under the same EIN. The employer shall assign each establishment a unique number. <b>Numeric characters only.</b>
7-46	Establishment Name	40	<b>Required.</b> Enter the name of the establishment. Left-justify and fill unused positions with blanks. <b>Allowable characters are alphas, numeric, blanks, hyphens, ampersands, and slashes.</b>
47-86	Establishment Street Address	40	<b>Required.</b> Enter the mailing address of the establishment. Street address should include number, street, apartment or suite number (use P O Box only if mail is not delivered to street address). Left-justify and blank fill.
<b>Note: The only allowable characters are alphas, numeric characters, blanks, ampersands, hyphens and slashes. Punctuation such as periods and commas are not allowed and will cause your file to be returned. For example, the address 210 N. Queen St., Suite #300 must be entered as 210 N Queen St Suite 300.</b>			
87-111	Establishment City	25	<b>Required.</b> Enter the city, town, or post office. Left-justify and blank fill.
<b>Note: The only allowable characters are alphas, numeric characters, blanks, ampersands, hyphens and slashes. Punctuation such as periods and commas are not allowed and will cause your file to be returned. For example, the city St. Louis must be entered as St Louis.</b>			
112-113	Establishment State	2	<b>Required.</b> Enter the state code from the state abbreviations table in Part A, Sec. 10.
114-122	Establishment ZIP Code	9	<b>Required.</b> Enter the complete nine-digit ZIP Code of the establishment. If using a five-digit ZIP Code, left-justify the five-digit ZIP Code and fill the remaining four positions with blanks.
<b>Note: Must be nine numeric characters or 5 numeric characters and four blanks. Do not enter the dash.</b>			
123-131	Employer Identification Number	9	<b>Required.</b> Enter the nine-digit number assigned to the employer by IRS. <b>Do not enter hyphens, alphas, all 9's or all zeros.</b>
132-171	Employer Name	40	<b>Required.</b> Enter the name of the employer as it appears on your tax forms (e.g., Form 941). Any extraneous information must be deleted. Left-justify and blank fill. <b>Allowable characters are alphas, numeric, blanks, hyphens, ampersands, and slashes.</b>

**FORM 8027 RECORD FORMAT**

<b>Field Position</b>	<b>Field Title</b>	<b>Length</b>	<b>Description and Remarks</b>
172-211	Employer Street Address	40	<b>Required.</b> Enter mailing address of employer. Street address should include number, street, apartment or suite number (use P O Box only if mail is not delivered to street address). Left-justify and blank fill.

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

212-236	Employer City	25	<b>Required.</b> Enter the city, town, or post office. Left-justify and blank fill.
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**Note: The only allowable characters are alphas, numeric characters, blanks, ampersands, hyphens and slashes. Punctuation such as periods and commas are not allowed and will cause your file to be returned. For example, the city St. Louis must be entered as St Louis.**

237-238	Employer State	2	<b>Required.</b> Enter the state code from the state abbreviations table in Part A, Sec. 10.
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239-247	Employer ZIP Code	9	<b>Required.</b> Enter the complete nine-digit ZIP Code of the employer. If using a five-digit ZIP Code, left-justify the five-digit ZIP Code and fill the remaining four positions with blanks.
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**Note: Must be nine numeric characters or 5 numeric characters and four blanks. Do not enter the dash.**

248-259	Charged Tips	12	<b>Required.</b> Enter the total amount of tips that are shown on charge receipts for the calendar year. Amount must be entered in U.S. dollars and cents. The right-most two positions represent cents. Right-justify and zero fill. <b>If no entry, zero fill. Numeric characters only. Do not enter decimal points, dollars signs, or commas.</b>
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260-271	Charged Receipts	12	<b>Required.</b> Enter the total sales for the calendar year other than carry-out sales or sales with an added service charge of 10 percent or more, that are on charge receipts with a charged tip shown. This includes credit card charges, other credit arrangements, and charges to a hotel room unless the employer's normal accounting practice consistently excludes charges to a hotel room. Do not include any state or local taxes in the amount reported. Amount must be entered in U.S. dollars and cents. The right-most two positions represent cents. Right-justify and zero fill. <b>If no entry, zero fill. Numeric characters only. Do not enter decimal points, dollars signs, or commas.</b>
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272-283	Service Charge Less Than 10 Percent	12	<b>Required.</b> Enter the total amount of service charges less than 10 percent added to customer's bills and were distributed to your employees for the calendar year. In general, service charges added to the bill are not tips since the customer does not have a choice. These service charges are treated as wages and are included on Form W-2. For a more detailed explanation, Rev. Rul. 69-28, 1969-1 C.B. 270. Amount must be entered in U.S. dollars and cents. The right-most two positions represent cents. Right-justify and zero fill. <b>If no entry, zero fill. Numeric characters only. Do not enter decimal points, dollars signs, or commas.</b>
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284-295	Indirect Tips Reported	12	<b>Required.</b> Enter the total amount of tips reported by indirectly tipped employees (e.g., bussers, service bartenders, cooks) for the calendar year. Do not include tips received by employees in December of the prior tax year but not reported until January. Include tips received by employees in December of the tax year being reported, but not reported until January of the subsequent year. Amount must be entered in U.S. dollars and cents. The right-most two positions represent cents. Right-justify and zero fill. <b>If no entry, zero fill. Numeric characters only. Do not enter decimal points, dollars signs, or commas.</b>
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**FORM 8027 RECORD FORMAT**

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



**FORM 8027 RECORD FORMAT**

<b>Field Position</b>	<b>Field Title</b>	<b>Length</b>	<b>Description and Remarks</b>
348-359	Allocated Tips	12	<b>Required.</b> If Tip Percentage Rate times Gross Receipts (field positions 332-343) is greater than Total Tips Reported (field positions 308-319), then the difference becomes Allocated Tips. Otherwise, enter all zeros. If tips are allocated using other than the calendar year, enter the amount of allocated tips from your records. Amount must be entered in U.S. dollars and cents. The right-most two positions represent cents. Right-justify and zero fill. <b>If no entry, zero fill. Numeric characters only. Do not enter decimal points, dollars signs, or commas.</b>
360	Allocation Method	1	<b>Required.</b> Enter the allocation method used if Allocated Tips (field positions 348-359) are greater than zero as follows: 0) if allocated tips are equal to zero. 1) for allocation based on hours worked. 2) for allocation based on gross receipts. 3) or allocation based on a good faith agreement. The good faith agreement must accompany the electronic/magnetic submission.
<b>Note: Under Section 1571 of the Tax Reform Act of 1986, the method of allocation of tips based on the number of hours worked as described in Section 31.6053-3(f)(1)(iv) may be utilized only by an employer that employs less than the equivalent of 25 full-time employees at the establishment during the payroll period. Section 31.6053-3(j)(19) provides that an employer is considered to employ less than the equivalent of 25 full-time employees at an establishment during a payroll period if the average number of employee hours worked per business day during the payroll period is less than 200 hours.</b>			
361-364	Number of Directly Tipped Employees	4	<b>Required.</b> Enter the total number (must be greater than zero) of directly tipped employees employed by the establishment for the calendar year. Right-justify and zero fill. <b>NUMERICS ONLY.</b>
365-369	Transmitter Control Code (TCC)	5	<b>Required.</b> Enter the 5-digit Transmitter Control Code assigned by the IRS.
370	Corrected 8027 Indicator	1	<b>Required.</b> Enter blank for original return. Enter "G" for corrected return. A corrected return must be a complete new return replacing the original return.
371-372	Blank	2	Enter blanks.

**FORM 8027 RECORD LAYOUT**

Establishment Type	Establishment Serial Numbers	Establishment Name	Establishment Street Address
1	2-6	7-46	47-86

Establishment City	Establishment State	Establishment ZIP Code	Employer Identification Number
87-111	112-113	114-122	123-131

Employer Name	Employer Street Address	Employer City	Employer State
132-171	172-211	212-236	237-238

Employer ZIP Code	Charged Tips	Charged Receipts	Service Charge Less Than 10 Percent
239-247	248-259	260-271	272-283

Indirect Tips Reported	Direct Tips Reported	Total Tips Reported	Gross Receipts
284-295	296-307	308-319	320-331

Tip Percentage Rate Times Gross Receipts	Tip Percentage Rate	Allocated Tips	Allocation Method
332-343	344-347	348-359	360

Number of Directly Tipped Employees	Transmitter Control Code (TCC)	Corrected 8027 Indicator	Blank
361-364	365-369	370	371-372