Procedures for Electronic and Magnetic Media Filing of U.S. Income Tax Returns for Estates and Trusts, Form 1041 for Tax Year 2002

IRS

Department of the Treasury
Internal Revenue Service

www.irs.gov

Publication 1437 (Rev. 11-2002)
Catalog Number 10466Q

PROCEDURES AND SPECIFICATIONS FOR THE 1041 *e-file* PROGRAM AND MAGNETIC MEDIA FILING

U.S. INCOME TAX RETURN FOR ESTATES & TRUSTS

INTERNAL REVENUE SERVICE
ELECTRONIC TAX ADMINISTRATION

Publication 1437 November 2002

INTERNAL REVENUE SERVICE
MISSION STATEMENT

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.

Publication 1437 November 2002

NOTICENOTICE***NOTICE

This publication contains guidelines for both 1041 Electronic Filing and Magnetic Media Filing. There are three parts included in this publication as follows:

Part A----------Procedures for 1041 e-filing

Part B----------Specifications for 1041 e-filing

Part C----------Magnetic Media Filing Procedures and Specifications

****Part C identified as Magnetic Tape pertain to returns filed on Magnetic Media (Tape) only.**

Publication 1437 November 2002

TABLE OF CONTENTS
PART – A
PROCEDURES FOR THE 1041 *e-file* PROGRAM

SECTION	PAGE
IMPORTANT CHANGES FOR TAX YEAR 2002	**1**
1. INTRODUCTION	
• Purpose	3
• Change Page	3
• Communications Protocol	3
• Request for Information	3
• Questions, Suggestions or Concerns	3
2. GENERAL INFORMATION	
• Methods of Filing	4
• Programming	4
• Foreign Address	5
• Processing	5
• Participants	5
3. COMPOSITION OF THE RETURN	
• Tax Return Data	6
• Acceptable Forms and Schedules	6
• The Paper Part of the Return	8
4. EXCLUSIONS	
• Types of Return	9
5. ACKNOWLEDGMENT PROCESS	
• Acknowledgment File	11
• Transmission Acknowledgment	11
• Validation Acknowledgment	11
• Problems After Transmission	11
6. METHODS OF PARTICIPATION	
• Type of Participants	12

TABLE OF CONTENTS
PART – A
PROCEDURES FOR THE 1041 *e-file* PROGRAM

SECTION **PAGE**

7. APPLICATION, ENTITY REVIEW, TESTING PROCESS AND ACCEPTANCE PROCEDURES

- Form 9041 Application 13
- Entity Review Process 13
- Business Acceptance Testing System (BATS) 14
- Ready to Test 14
- Testing Requirements for Transmitters 14
- Testing Requirements for Software Developers 15
- Acceptance Procedures 15

8. FILING REQUIREMENTS AND RESPONSIBILITIES

- Contingency Plan 16
- Integrity and Accuracy 16
- Revocation 16
- Security 16
- Transmitting the Return 16
- Start-Up Date 17
- Required Consistency Tests 17
- Requirements of Software Developers 17
- Due Dates 18
- Address Change 19
- Changing Entries on the Return 19

9. FEDERAL/STATE REQUIREMENTS

- General Description 20
- Return Rejection 20
- State Return 20
- Requirements for Electronic Filing 21
- Overpayments 21
- Exclusions from Electronic Filing 22
- Return Sequence Order 22
- Acknowledgment Report 22

TABLE OF CONTENTS
PART – A
PROCEDURES FOR THE 1041 *e-file* PROGRAM

SECTION		PAGE
10.	**SIGNATURE FORM PROCEDURES (FORM 8453-F)**	
	• Purpose of Form 8453-F	23
	• Required Signatures	23
	• Fiduciary's Authorization	23
	• Multiple Tax Return Listing	24
	• Postmark Date	24
	• Substitute Form 8453-F	24
	• Resubmission on Paper	24
	• Problems Relating to Form 8453-F	25
	• Failure to File Penalties	25
11.	**WHERE TO SEND FORM 8453-F AND PAPER ATTACHMENTS**	
	• Packaging Instructions	25
	• Shipping and Packaging	25
	• Method of Delivery	26
12.	**BALANCE DUE RETURNS: TAX PAYMENTS**	
	• Balance Due Returns	26
	• Payments	26
	• **Electronic Funds Withdrawal**	26
	• EFTPS	27
	• Extension of Time	27
13.	**DISTRIBUTION OF COPIES**	
	• Participant's Copy	28
	• Client's Copy	28
	• Electronic Acknowledgment	28
	• Fiduciary's Copy	28
	• IRS Copies	28
14.	**ADVERTISING STANDARDS**	
	• Restrictions	29
	• Endorsement	29

TABLE OF CONTENTS
PART – A
PROCEDURES FOR THE 1041 *e-file* PROGRAM

SECTION		PAGE
15.	**MONITORING**	
	• Requirements	30
	• Submissions	30
	• Quality	30
	• Suspension	30
	• Penalties	30
	• Counseling	30
16.	**ADMINISTRATIVE REVIEW**	
	• Participation	31
	• Reinstatement	31
17.	**EFFECT ON OTHER DOCUMENTS**	
	• Revisions	31
	• Publication	31
18.	**EFFECTIVE DATE**	
	• Calendar and Fiscal Year Returns	31
19.	**IRS *e-file* CONTACT**	**31**

TABLE OF CONTENTS
PART – B
SPECIFICATIONS FOR THE 1041 *e-file* PROGRAM

SECTION		PAGE
1.	**FILE FORMAT**	
	• General Description	33
	• Return Sequence Order	34
	• Filer Information	35
	• Multiple Forms and/or Schedules	36
	• Fixed Length Option (Fixed Format)	36
	• Variable Length Option (Variable Format)	37
2.	**TYPES OF RECORDS**	
	• Transmission Record (Required)	40
	• Tax Return Record (Form 1041) (Required)	40
	• Schedule Record	40
	• Form Record	40
	• Statement Record – (STMbnn)	41
	• Schedules K-1 Statement Record – (STMb99)	42
	• Summary Record (Required)	43
	• Recap Record (Required)	43
3.	**TYPES OF CHARACTERS**	
	• Alpha (A)	44
	• Numeric (N)	45
	• Alphanumeric (A/N)	45
	• Special Cases for Special Fields	45
4.	**DATA COMMUNICATIONS**	
	• Highlights for Tax Year 2002	53
	• Front End Processing	55
	• Receiving The Acknowledgement File	75
	• Transmitting Returns	77
	• Communication Error Messages	78
	• Problems Transmissions	81
5.	**TRANSMISSION FILE FORMAT**	
	• General Description	82
	• Fixed and Variable Length Options	84

IMPORTANT CHANGES YOU SHOULD KNOW FOR TAX YEAR 2002

1. IRS has implemented a Business Acceptance Testing System (BATS). BATS will test procedures that employ hypothetical scenarios to measure the electronic transmission capability of potential software developers, transmitters, and preparers of Form 1041 estate and trust returns.

2. Effective **November 18, 2002**, the Internal Revenue Service will began the Business Acceptance Testing System (BATS) for software developers and transmitters.

3. BATS is required of all participants who develop software and/or transmit returns.

4. Software developers will be required to develop at least ten scenarios, but no more than twenty to test their software during BATS.

5. Effective **January 27, 2003**, the Internal Revenue Service (IRS) will begin to accept and process Tax Year 2002 estate and trust returns electronically.

6. An optional Electronic Funds Withdrawal is available with balance due returns.

7. All electronically filed estate and trust returns must consist of Form 1041, Schedules K-1, and related forms and schedules.

8. Form 8453-F, Signature Document must be signed and mailed within 3 business days after the electronic transmitted estate and trust return has been accepted.

9. All electronically filed estate and trust returns **must** be **transmitted** to the IRS Tennessee Computing Center (TCC) in Memphis, Tennessee.

10. Electronically filed estate and trust returns will be **processed** at the Ogden Submission Processing Center.

11. Transmitters will receive an electronic acknowledgement for files transmitted.

12. Participants who either develop software or transmit returns **must** submit Form 9041, Application/Registration for Electronic/Magnetic Media Filing of Business Returns to the Austin Submission Processing Center in Austin, Texas for processing.

13. Fiscal Year Returns with a due date after June of the current tax year, Short Period Fiscal Year Returns and Final Fiscal Year Returns are **excluded** from the electronic filing requirement

14. **New EMS Trading Partner Interface has been implemented (See Part B section 4, Page 56, Data Communication).**

PART – A

PROCEDURES FOR THE 1041 *e-file* PROGRAM

SECTION 1 INTRODUCTION

PURPOSE

This publication is designed to provide the general requirements and procedures for Form 1041 *e-file* Program, U.S. Income Tax Return for Estates and Trusts. This publication should be used in conjunction with Publication 1438, Validation Criteria and Record Layouts for The 1041 *e-file* Program and Magnetic Media Filing, U.S Income Tax Return for Estates and Trusts for Tax Year 2002:

CHANGE PAGE

If any information contained in this publication changes before its revision, a change page(s) may be issued. New information and changes will be denoted by a vertical bar (|) in the right margin.

COMMUNICATIONS PROTOCOL

The communication software should have the following protocol: Full Duplex, No parity, 8 data bits, 1 stop bit, and ANSI Terminal Emulation.

REQUEST FOR INFORMATION

Requests for additional copies of this publication and Publication 1438, forms and updates to the program should be addressed to the IRS Operation Division (address below) or the Ogden Submission Processing Center. Inquiries for the Ogden Submission Processing Center, which processes Form 1041 electronic tax returns, should be addressed to the Electronic Filing Section at (801) 620-7444. The mailing address for the Ogden Submission Processing Center is listed in Section 11. Inquiries may also be addressed to any IRS District Office. **(Section 19, Page 34, for the website for a complete list of *e-file* contacts.**

QUESTIONS, SUGGESTIONS, OR CONCERNS

If you have any questions, suggestions or comments regarding this publication, or are aware of any errors, (typographical, technical or usage) please let us know.

Write:
Internal Revenue Service W:E:O:PBR
Operation Division
5000 Ellin Road, Room C4-147
Lanham, Maryland 20706

SECTION 2 GENERAL INFORMATION

METHOD OF FILING

The telephone system (modem) is the only method of transmitting Form 1041 data electronically. All electronic Forms 1041 must be transmitted to the Tennessee Computing Center (TCC) in Memphis, TN.

NOTE: The Form 1041, Schedule K-1 and related forms and schedules must be transmitted together as a complete file.

PROGRAMMING

This includes selected schedules, forms or documents required by the IRS and supported by this program, in addition to supporting material, voluntarily provided by the fiduciary or the participant on paper, Schedules K-1, (Forms 1041) Beneficiary's Share of Income, Credits, Deductions, etc.

File specifications, validation criteria, reject codes and record layouts that are needed by participants are provided in:

- Publication 1437, Procedures and Specifications for The 1041 *e-file* Program and Magnetic Media Filing, U.S. Income Tax Return for Estates and Trusts for Tax Year 2002

- Publication 1438, Validation Criteria and Record Layouts for The 1041 *e-file* Program and Magnetic Media Filing, U.S. Income Tax Return for Estates and Trusts, for Tax Year 2002

NOTE: These publications are updated annually.

FOREIGN ADDRESS

Schedules K-1 **may** contain foreign addresses for the beneficiary's of the estates or trusts, however the Form 1041 return **cannot** contain a foreign address.

PROCESSING

Processing of returns includes the following calendar and fiscal year endings:

- **Calendar Year Returns** - Calendar year ending December 31 of the current tax year.

  − **Example:** Tax Year 2002 calendar year beginning January 1, 2002 and ending December 31, 2002 the return is due April 15, 2003.

- **Fiscal Year Returns** - Fiscal years ending January 31 through June 30 of the current tax year (Calendar Year 2003).

  - **Example:** Tax Year 2002 return beginning February 1, 2002 and ending January 31, 2003 the return is due May 15, 2003. Tax Year 2002 return beginning August 1, 2002 and ending June 30, 2003 the return is due October 15, 2003.

  - If a return has a Fiscal Year ending after June, it cannot be filed electronically.

  - No extensions are granted/approved for 1041 *e-file* Fiscal Year Returns with a due date after August.

NOTE: If the return due date falls on a Saturday, Sunday or holiday, the due date is the following first workday.

PARTICIPANTS

All participants (**Software Developers and Transmitters**) must complete Form 9041, Application/Registration for Electronic/Magnetic Filing of Business Returns. Applicants must agree to follow all requirements and specifications in this publication and all related publications. Applicants must also successfully complete testing each year to be accepted in the program. **(See Part A, Section 7, for further information regarding the acceptance and testing procedures.)**

SECTION 3 COMPOSITION OF THE RETURN

TAX RETURN DATA

U.S. Income Tax Return for Estates and Trusts, Form 1041, for electronic filing consists of tax return data transmitted to the IRS using electronic transmission with the required paper documents, such as signatures, documents prepared by third parties, etc. Summarizing, the tax return must contain the same information as a return filed on paper.

ACCEPTABLE FORMS AND SCHEDULES

Form 1041	U.S. Income Tax Return for Estates and Trusts
Schedule C (Form 1040)	Profit or loss From Business
Schedule C-EZ (Form 1040)	Net Profit From Business
Schedule D (Form 1041)	Capital Gains and Losses
Schedule E (Form 1040)	Supplemental Income and Loss
Schedule F (Form 1040)	Profit or Loss From Farming
Schedule H (Form 1040)	Household Employment Taxes
Schedule J (Form 1041)	Accumulation Distribution for a Complex Trust
Schedule K-1 (Form 1041)	Beneficiary's Share of Income, Deductions, Credits, Etc.
Form 1116	Foreign Tax Credit
Form 2210	Underpayment of Estimated Tax by Individuals, Estates and Trusts
Form 2210-F	Underpayment of Estimated Tax by Farmers And Fishermen
Form 2439	Notice to Shareholder of Undistributed Long Term Capital Gains

ACCEPTABLE FORMS AND SCHEDULES

Form 3468	Investment Credit
Form 4136	Credit for Federal Tax Paid on Fuels
Form 4255	Recapture of Investment Credit
Form 4562	Depreciation and Amortization
Form 4684	Casualties and Thefts
Form 4797	Sales of Business Property
Form 4835	Farm Rental Income and Expenses
Form 4952	Investment Interest Expense Deduction
Form 4970	Tax on Accumulation Distribution of Trusts
Form 4972	Tax on Lump-sum Distributions
Form 6198	At-Risk Limitations
Form 6252	Installment Sale Income
Form 8271	Investor Reporting of Tax Shelter Registration Number
Form 8582	Passive Activity Loss Limitations
Form 8582-CR	Passive Activity Credit Limitations
Form 8801	Credit for Prior Year Minimum Tax – Individuals, Estates and Trusts
Form 8824	Like-Kind Exchanges
Form 8829	Expenses for business Use of Your Home

THE PAPER PART OF THE RETURN

Form 8453-F, U.S. Estate or Trust Income Declaration and Signature for Electronic Filing is the paper document required when filing the Form 1041 return electronically.

Paper attachments for the return will include tax forms other than the Form 1041 that require a signature(s) and other supporting documentation. These items must be attached to the signed Form 8453-F. They include other documents that are:

- not required by the IRS and are voluntarily included by the fiduciary or the participant as supporting material;
- not IRS forms or schedules;
- not covered in Section 3, under Acceptable Forms and Schedules;
- in excess of the limits that are allowed for Schedule K-1 statements and statements for all other forms and schedules, example: Disclosure Statements

The current 1041 *e-file* Program only accepts one electronic transmission of the following schedule and/or forms:

Schedule D
Form 2210
Form 2210F
Form 3468
Form 4136
Form 4797
Form 4952
Form 4970
Form 8582
Form 8582-CR
Form 8801

If more than one of the above-mentioned schedule or forms needs to be filed with the estate or trust return, the entire return must be filed on paper.

SECTION 4 EXCLUSIONS

TYPES OF RETURN

The following types of estate and trust returns cannot be filed electronically:

- Amended returns;
- Returns containing IRS tax forms or schedules which are not accepted electronically (See Section 3, for listing of Acceptable Forms and Schedules);
- Returns for any calendar year ending before fiscal year returns ending during any month after June 30 of the current year.
- Returns transmitted by a person not approved by the IRS for electronic filing;
- Delinquent returns (except returns covered by an extension of time to file, which was submitted to the service center where the taxpayer would normally file a paper return). Extensions are allowed as long as the extended due date is not later than October 15 of the processing year;
- Returns with dollar and cent entries -- only whole dollar amounts are accepted; (Round entries to whole dollars only upon output; computed percentage distributions on Schedules K-1 (Form 1041) may not balance due to this rounding.);
- Returns with Powers of Attorney (POA) attached and the IRS does not have a POA file. In order to file electronically, remove the POA from the electronic return prior to transmission. Failure to remove the POA and subsequent rejection of the return will not relieve the estate or trust of its filing requirement, if it is required to file.

  Note: POA must be submitted on paper to the IRS Center where the taxpayer would normally file a paper return. The POA must be submitted at least 6 weeks prior to transmitting a return that includes the Power of Attorney.

- Form 1041 with a foreign address;
- Returns filed under Sections 6020(b), 501(d)(3) or 761(a) of the Internal Revenue Code;
- Fiscal Year Returns with extension dates after August 31 of the current year;
- Fiscal Year Short Period Returns;
- Fiscal Year Final Returns;
- Fiscal Year Estate and Trust Returns;
- Returns with any dollar amount greater than $99,999,999,999;
- Tentative returns;
- Family trust returns (except those filed by a bank);
- Bankruptcy estate returns;
- Returns with refund amounts equal to or great than $1,000,000;
- Returns with more than one Schedule D, Form 2210, 2210F, 3468, 4136, 4797, 4952, 8582, 8582-CR or 8801.

SECTION 5 ACKNOWLEDGMENT (ACK) PROCESS

ACK FILE

IRS acknowledges each transmission of electronic return data. A return can be acknowledged (ACK) as accepted, even though it has not been through any math checks. There are two types of ACK files, the Transmission ACK File and the Validation ACK File. The IRS will provide an outbound mailbox for pick up of ACK files by the transmitter.

TRANSMISSION ACK

The Transmission ACK File is generated if there is a problem in the basic formatting of the entire file. If a Transmission ACK File is generated, individual forms and schedules are not validated. This ACK file should be available within two workdays after receipt of a transmitted file.

VALIDATION ACK

The Validation ACK File is generated when there is a problem within the return. The ACK file counts for the number of Forms 1041 and related forms and schedules. The file provides the reject code numbers for up to 96 errors per return.

PROBLEMS AFTER TRANSMISSION

If the following situations occur after returns have been transmitted to the Tennessee Computing Center, the transmitter should immediately contact the Ogden Submission Processing Center at (801) 620-7444 (not a toll-free number):

- The transmitter does not receive a transmission acknowledgment file within two (2) workdays; or
- The transmitter receives an acknowledgment for returns or records that were not transmitted on the designated transmission; or
- The transmitter receives an acknowledgment, but it does not include the reject code (s) for forms transmitted.

SECTION 6 METHODS OF PARTICIPATION

TYPE OF PARTICIPANTS

An Electronic Participant is considered in one or more categories or business types listed below, depending on the specific function(s) the participant performs in relation to the estate or trust or IRS:

- **FIDUCIARY:** A trustee of a trust; or an executor, administrator, personal representative, or person in possession of property of a decedent's estate. It is the responsibility of the fiduciary to ensure that the return is transmitted to the Tennessee Computing Center.

- **PAID PREPARER:** A firm, organization, or individual who:

  - deals directly with the estate or trust from which the return is due;

  - prepares a return or collects return data for purposes of having electronic records of the Form 1041, Schedules K-1 and related forms and schedules produced; or collects a prepared return for purposes of having electronic records of Forms 1041, Schedules K-1 and related forms and schedules prepared; and

  - obtains the fiduciary signature on Form 8453-F **(See Part A, Section 9 for Form 8453-F Procedures)**

- **TRANSMITTER:** Receives Form 1041 data from clients and transmits the data to IRS electronically, in a format IRS can process.

- **SOFTWARE DEVELOPER:** Designs or produces software, used to:

  - prepare returns;

  - format Form 1041 return, Schedules K-1 and related forms and schedules according to IRS specification for electronic filing; or

  - transmit the Form 1041 return and the electronic records for Schedules K-1 and related forms and schedules directly to IRS.

SECTION 7 APPLICATION, ENTITY REVIEW, TESTING AND ACCEPTANCE PROCEDURES

FORM 9041 APPLICATION

The first step to participate in the electronic filing of Form 1041 is to complete the Application Form 9041. All applicants who either develop software or transmit returns must complete the form and forward it to the Austin Submission Processing Center. To ensure the application is processed timely, the IRS should receive the form at least 60 calendar days before the entity transmits live returns electronically. The IRS will accept applications by mail or fax. The Austin Submission Processing Center (AUSPC) fax number is (512) 460-8962 (not a toll-free number). The mailing address is:

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

Applicants must indicate on Form 9041 the type of return (e.g. Forms 1041 or 1065) they intend to file. The Electronic Forms 1041 are processed at the Ogden Submission Processing Center **only.**

NOTE: If fiduciaries use a third party transmitter to file returns, the fiduciary is not required to file a Form 9041.

ENTITY REVIEW PROCESS

Participants must ensure that entity information submitted on the Form 9041 is correct. Form 9041 applications must be sent to the Austin Submission Processing Center.

Entity information includes the name, address, telephone number (with contact name) of the participant and the Employer Identification Number (EIN). The data will be matched with the already existing IRS records. The participants will be notified of any discrepancies and asked to correct the problem(s) before testing can begin.

BUSINESS ACCEPTANCE TESTING SYSTEM (BATS)

BATS is mandatory and required each year for all participants who will develop software and/or transmit returns, (including fiduciaries that transmit their own return). The purpose of the testing is to ensure that IRS can receive and process the electronic returns.

After review of the Form 9041, the IRS will assign an Electronic Transmitter Identification Number (ETIN) and a temporary password to each applicant. The ETIN and test password will be used to logon and transmit test data.

Testing should begin at least 60 days prior to live transmission of return(s) to allow ample time to resolve any transmission problems.

The software package used to prepare/transmit the return data must pass testing with the IRS prior to live transmissions.

NOTE: Testing must be completed before the participant transmits live data.

READY TO TEST

When applicants are ready to test, they must make arrangements with the Ogden Submission Processing Center Electronic Filing Section at (801) 620-7444 (not a toll-free number).

TESTING REQUIREMENTS FOR TRANSMITTERS

Transmitters must make arrangements for a test transmission. The test file must be transmitted using the same medium that will be used to file the live returns electronically. A test file must be similar to the types of returns the participant expects to transmit for live processing. For example, if a participant successfully transmits test data that contains records for Forms 1041, Schedules D and Schedule K-1; IRS will authorize the applicant to file these records only.

After software developers have successfully completed BATS scenarios, transmitters must transmit two same day transmissions. The two transmissions must be three returns in the first transmission and two returns in the second transmission to check the sequential order. In addition, transmitters using accepted software must complete an error-free communications test by transmitting two returns in separate transmissions in the same day. The two transmissions must have returns in sequential order.

NOTE: Contact Ogden Submission Processing Center to schedule.

TESTING REQUIREMENTS FOR SOFTWARE DEVELOPERS

If the software packages and communication systems are used by more than one transmitter, each must test consistent as described in Section 7, Page 16, Testing Requirements for Transmitters.

Software developer's submission of test files:

- A test file consisting of at least 10 returns, but no more than 20 with the related forms, schedules and attachments must be transmitted. After acceptance, two same day transmissions must be made, three returns in the first transmission and two returns in the second to check the sequential order.
- In some cases the software developer may test software specific return data. The software developer must notify the Ogden Submission Processing Center Tax Examiner and provide the information on the forms and schedules that will not be tested. The IRS will not allow these forms and schedules during live data transmissions.
- Computer software must provide the same software capabilities and, if applicable, identical data communications capabilities to all users. Other accepted participants may use software packages that test successfully. Software packages will only be authorized for those forms and schedules that were tested by IRS.

ACCEPTANCE PROCEDURES

The Ogden Submission Processing Center will process each test transmission and communicate by telephone if necessary with the applicant concerning their transmission. If the test file is not correctly formatted, or if the test returns contain errors, the IRS will notify the applicant regarding what errors were encountered on each return. The applicant must then correct the software to eliminate the errors and retransmit the test file.

When the test file is accepted, AUSPC will send a letter of acceptance. This letter will contain a password for transmitting live data, telephone number of the help desk and times to call should the participant have any questions or problems regarding the transmission of returns. Acceptance is valid only for the year and for forms and schedules specified in the acceptance letter. The IRS will inform participants when to begin transmitting live data.

SECTION 8 FILING REQUIREMENTS AND RESPONSIBILITIES

CONTINGENCY PLAN

If the electronic filing system is inoperative for an extended period of time, the Ogden Submission Processing Center, Electronic Filing Section will provide contingency instructions to participants.

INTEGRITY AND ACCURACY

Participants must maintain a high degree of integrity and accuracy in order to participate in the program.

REVOCATION

IRS reserves the right to revoke the electronic filing privilege of any participant who does not maintain an acceptable level of quality, or who deviates from the procedures and specifications set forth in the following documents:

- Publication 1437 - Procedures and Specifications for the 1041 *e-file* Program and Magnetic Media Filing, U.S. Income Tax Return for Estates and Trusts Tax Year 2002.
- Publication 1438 - Validation Criteria and Record Layouts for the 1041 *e-file* Program and Magnetic Media Filing, U.S. Income Tax Return for Estates and Trusts Tax Year 2002.

SECURITY

Participants are responsible for the security of all transmitted data.

TRANSMITTING THE RETURN

Estate and Trust returns that are transmitted electronically must have the Form 8453-F mailed within three business days after the return is accepted. The Form 8453-F must not be mailed for those returns that are rejected or identified as duplicates. The fiduciary must ensure that the Form 8453-F is completed, signed, and that required forms, schedules, and other items are attached before mailing the form to the IRS.

START-UP DATE Participants (Transmitters) must contact the Ogden Submission Processing Center for the start-up date for filing Form 1041 returns, Schedules K-1 and related forms and schedules electronically. Until a start-up date has been issued to the participant, IRS will not accept live return data.

ESTIMATED TRANSMISSION TIMES

File Size in Mega Bytes	Async Dial	Time in Hours	56K BPS	Time in Hours	ISDN	Time in Hours
1	5.56	.09	2.82	.05	1.52	.03
20	111.11	1.85	56.50	.94	30.30	.51
400	2222.22	37.04	1129.94	18.83	606.06	10.10
1750	9722.22	162.04	4943.50	82.39	2651.52	44.19
Compression 4:1 Reduction						
1	1.39	.02	.71	.01	.38	.01
20	27.78	.46	14.12	.24	7.58	.13
400	555.56	9.26	282.49	4.71	151.52	2.53
1750	2430.56	40.51	1235.88	20.60	662.88	11.05

REQUIRED CONSISTENCY TESTS The electronic data must meet all the consistency tests required as specified in this publication and Publications 1438.
The fiduciary or paid preparer must correct the return data prior to transmitting the return to the IRS. If the transmitter corrects any material, he or she becomes the preparer as explained in Part A, Section 6.

REQUIREMENTS FOR SOFTWARE DEVELOPERS In addition to the requirements outlined in Part A, Section 7, Software Developers **must:**

- correct software errors that cause electronically filed data to reject;
- distribute their software corrections, quickly, to all participants who use their software package.

DUE DATES

Participants must be aware of and adhere to the following dates when transmitting the estate or trust return electronically:

- April 15th is the due date for electronic filing of Form 1041, Schedules K-1 and related forms and schedules and is the same as Forms 1041 filed on paper.

  NOTE: If April 15th falls on a Saturday, Sunday or holiday, the due date of the return is the following workday.

- From the due date of the return, transmitters are allowed up to 7 calendar workdays to successfully retransmit electronic return data that was timely transmitted, but was rejected.

- If IRS has not acknowledged a transmission of Form 1041 returns, Schedules K-1 and other related forms and schedules within 2 working days after transmitting the data, the transmitter must immediately contact the assigned tax examiner at the Ogden Submission Processing Center. The assigned tax examiner's name and telephone number is indicated in the acceptance letter previously issued to the transmitter. (**See Part A, Section 7, under Acceptance).**

- Transmitters should contact the Ogden Submission Processing Center when the Electronic Acknowledgment contains a reject code for a return/schedule that was not transmitted.

- Estates or trusts that expect to file returns late must complete and mail requests for extensions of time to file. Form 2758 can be filed for Estates to request a six-month extension. Form 8736 can be filed for trusts to request an automatic three-month extension of time. If Form 8736 is filed, Form 8800 can be filed to request an additional three-month extension. Calendar Year end returns extended under Form 8736 are due July 15th and Calendar Year end returns extended under Form 8800 are due October 15th. The forms should be mailed to the IRS service center where the estate or trust would normally send their paper Form 1041 return. For Calendar Year Filers, the extended due date cannot be later than October 15 of the current processing year (Calendar Year 2002).

  NOTE: Failure to comply will result in late filing penalties.

ADDRESS CHANGE

If the estate or trust changes its address, Form 8822, Change of Address, must be sent to the Ogden Submission Processing Center at the address listed in **Part A, Section 11, under Method of Delivery.**

CHANGING ENTRIES ON THE RETURN

After IRS accepts an electronic return, it cannot be recalled or intercepted in process. If the participant or estate or trust needs to change any entries after the return has been acknowledged as accepted; an amended or corrected return must be filed on paper. The amended or corrected return should be mailed to the IRS Center where you would normally file your paper return. (See Form 1041 instructions for more information)

SECTION 9 FEDERAL/STATE REQUIREMENTS

GENERAL DESCRIPTION

Federal/State Electronic Filing is a cooperative one-stop filing program between IRS and state tax administration agencies. This program allows the filing of both Federal and State income tax returns through the IRS Electronic Filing System. Participation in the combined return filing program constitutes a consent to the disclosure by the IRS, to the State agency, of taxpayer identity information, signature and other data items that are common to the Federal and State return. The general concept is to emulate current operations used for the electronic filing of Federal tax returns and modify these operations where necessary to accommodate the transmission of the common data items and the data that is only required for State tax purposes to the State. The tax return data must be placed into a format for transmission as specified by the IRS and the state. **New York** will be the only participant Tax Year 2002 .

RETURN REJECTION

The combined return will be rejected in its entirety if it contains any error conditions specified in Publication 1438. If the error(s) is of such a nature that it can be corrected and the return(s) processed, the combined return may be retransmitted to TCC in Memphis. The participant may elect to retransmit the Federal tax portion of a rejected return and then file the State return using State tax paper forms.

STATE RETURN

The State return shall be available to the state within two hours after receipt of the combined state files from the State Retrieval System (SRS).

The State Retrieval Subsystem receives state return data from an electronic file generated by the Returns Processing Subsystem; allows states to retrieve the state return data files; provides maintenance of state return files; and generates various state return reports and system maintenance reports.

SECTION 9 FEDERAL/STATE REQUIREMENTS, continued

After the receipt acknowledgment has been provided to the transmitter, the IRS is responsible for making the accepted combined return available to the State agency.

Once the state agency has successfully completed the transmission session and received the return, the responsibility for

data integrity is that of the State agency.

Should subsequent errors of any type be detected during State processing, they are resolved between the State agency and the fiduciary using normal State paper procedures.

FED/STATE Returns

Participation in the 1041 Fed/State e-file program gives IRS authorization to release Federal tax information common to the Federal and State return to the designated State along with the information that is only required for State tax purposes.

REQUIREMENTS FOR ELECTRONIC FILING

In order to file an electronic state Fiduciary Income Tax Return the following conditions **must** be met:

- The state return must be electronically filed with the federal return through the Tennessee Computing Center.
- The return must be filed between January 27, 2003 and April 15, 2003.

OVERPAYMENTS

When preparing electronic returns, fiduciaries may elect to have their overpayments:

- Applied to their 2003 estimated tax,
- Sent to them in the form of a refund check, or
- Split – part applied to their 2003 estimated tax and the remainder issued in the form of a refund check.

EXCLUSIONS FROM ELECTRONIC FILING

Returns meeting **any** of the following criteria may **not** be filed electronically:

- amended returns,
- returns filed for a tax period other than January 1, 2002 – December 31, 2002
- returns for part-year residents of a state, or cities associated with that particular state,
- returns reporting liabilities for nonresident earnings tax for cities associated with the particular state,
- returns for decedents with Social Security Numbers in the following ranges:

  000-00-0000 through 001-00-9999
  691-00-0000 through 699-99-9999
  764-00-0000 through 999-99-9999

- returns with a Power of Attorney currently in effect in which the refund is to be sent to a third party, or
- returns with any correspondence requesting special consideration or procedures.
- Any State other than New York

RETURN SEQUENCE ORDER

The State return **Header and Attachments** must be received immediately following the Federal return and preceding the Summary Record.

ACKNOWLEDGEMENT REPORT

IRS acknowledges receipt of State data with Federal Form 1041 and passes this data on to the appropriate State for further validation.

SECTION 10 SIGNATURE FORM PROCEDURES (FORM 8453-F)

PURPOSE OF FORM 8453-F

Form 8453-F serves the following purpose:

- authenticates the return;
- provides a transmittal for any associated paper documents that may be stapled to the declaration;
- authorizes the participant to transmit via a third-party transmitter;
- authorizes the transmitter to transmit the return on behalf of the estate or trust;
- provides a transmittal for related forms and schedules that require signatures different than the signature that authenticates the return; and
- authorizes an Optional Electronic Funds Withdrawal payment.

REQUIRED SIGNATURES

The fiduciary and the paid preparer's signatures are required on Form 8453-F, U. S. Estate or Trust Income Tax Declaration and Signature for Electronic Filing.

All Forms 8453-F must be signed and mailed **after the acceptance date** of the original electronic transmission.

FIDUCIARY'S AUTHORIZATION

If the electronic filing participant is **not** the fiduciary, the participant must get the fiduciary's authorization to file the returns electronically, and if applicable, to transmit, the returns through a third party. To get this authorization, the participant must have the same person sign Form 8453-F who is authorized to sign a paper return.

MULTIPLE TAX RETURN LISTING

If a fiduciary or representing officer is authorized to sign more than one Form 1041 return, a Multiple Tax Return Listing may be used with Form 8453-F in lieu of sending separate Forms 8453-F. The Multiple Tax Return Listing should include the date, transmitter's name and telephone number, the 5 digit ETIN and the page number. The listing should be formatted to display the 9 digit EIN, Name Control, Tax Period, Total Income, Income Distribution, Taxable Income, Total Tax and Tax Due/Overpayment of the estate or trust. A Multiple Tax Return Listing with a maximum of 5000 estates or trusts may be attached to each Form 8453-F. The signature document for multiple returns must include one (1) Form 8453-F signed by the fiduciary or authorized representative.

POSTMARK DATE

The package that contains Forms 8453-F must be postmarked within three business days after receiving the Acknowledgement File identifying which returns were accepted.

SUBSTITUTE FORM 8453-F

Participants must use the official Form 8453-F or an approved substitute form that duplicates the official form in format, language, content, color and size. Use of an unapproved form will result in suspension from the program. Participants must send a sample of their proposed substitute form to the following address for approval:

Internal Revenue Service OP:FS:FP:F:CD
Substitute Forms Program Coordinator
1111 Constitution Avenue, NW
Washington, DC 20224

RESUBMISSIONS ON PAPER

If the participant submits the return on paper after attempting to file it electronically, or if at the end of the filing season a participant is unable to successfully retransmit corrected returns electronically, the participant should attach a letter to the paper return that explains why the return was submitted on paper. A copy of the Acknowledgment File sent by the Ogden Submission Processing Center, to the transmitter concerning the return(s) transmitted, should also be included. A copy of this **ACK FILE** is needed to bypass assessment of any late-filing penalties. The entire paper return should be filed at the IRS Center where the estate or trust would normally file its paper return within 10 days from the date of the return(s) that were rejected electronically.

SECTION 10 SIGNATURE FORM PROCEDURES (FORM 8453-F), continued

PROBLEMS RELATING TO FORM 8453-F

The fiduciary or paid preparer must resolve any problems relating to Form 8453-F. If IRS determines that a Form 8453-F is missing or unsigned, the preparer must provide IRS with a legible copy of the signed form from their records, or obtain a signed Form 8453-F from the taxpayer. This should be resolved within 15 days of the IRS request for the form.

FAILURE TO FILE PENALTIES

Parties involved in the transmission of electronic filing of Form 1041 returns may be liable for failure to file penalties due to missing, incomplete or unsigned signature forms.

SECTION 11 WHERE TO SEND FORM 8453-F AND PAPER ATTACHMENTS

PACKAGING INSTRUCTIONS

The paper Form 8453-F, and any other required paper documents, must be sent to the Ogden Submission Processing Center address listed in Section 10, Method of Delivery, using envelopes or cartons, as volume or preference dictates.

NOTE: For electronic transmissions, the package containing Form(s) 8453-F and appropriate paper attachments, must be postmarked within 3 business days after receiving the Acknowledgement File identifying which returns were accepted.

SHIPPING AND PACKAGING

Shipping and packaging instructions for electronically filed Form 1041. The sequence of the items in a package must be as follows:

- the signed Form(s) 8453-F;
- Forms and schedules required to be attached; and
- the corresponding paper attachments for each return attached to the corresponding Form 8453-F.

METHOD OF DELIVERY

Envelopes, packages or cartons containing Form 8453-F and other paper attachments, and any package sent by a courier service, should be sent to:

Internal Revenue Service
Ogden Submission Processing Center
1973 Rulon White Blvd. Stop 1056
Ogden, Ut 84201

SECTION 12 BALANCE DUE RETURNS: TAX PAYMENTS

BALANCE DUE RETURNS

Returns containing a money amount on Line 27 (Tax Due), Page 1 of Form 1041 are considered balance due returns.

Balance due returns (with or without payments) **do not** have to be transmitted separately from returns with no balance due.

PAYMENTS

Payments for Form 1041 *e-file* returns can be made in any of the following ways:

- Electronic Funds Withdrawal (EFW), allows for direct debit payments with balance due returns;
- Electronic Tax Payment System (EFTPS);
- As estimated tax payments, with Form 1041-ES, Estimated Income Tax for Estates and Trusts. The payments should be submitted according to Form 1041-ES instructions; and
- As a remittance sent after the return is filed, but by the return due date (i.e., the return can be transmitted prior to the return due date, however, the remittance does not have to be submitted until the return due date).

ELECTRONIC FUNDS WITHDRAWAL

An optional Electronic Funds Withdrawal (EFW) is available with balance due returns. The fiduciary may authorize the U.S. Department of Treasury (through a Treasury Financial Agent) to transfer money from their bank account to the Treasury account. The fiduciary must sign the Jurat on Form 8453-F to authorize the agreement between IRS and their Financial Agent to initiate an EFW (direct debit payment).

- EFW payments will be withdrawn in a single transaction, not installments.

- In the event the financial institution is unable to process the electronic funds withdrawal transaction, the fiduciary will be responsible for the tax payment in addition to penalties and interest.

- In the event Treasury causes an incorrect amount of funds to be withdrawn from the bank account, Treasury is responsible for returning any improperly transferred funds.

The payment record must contain the following information:

- Participant's Employer Identification Number (EIN);

- Bank's Routing Transit Number (RTN), (9 Numeric Characters);

- Bank Account Number, (1-17 Alphanumeric Characters or Hyphen"-");

- Bank Account Type, (Checking (1) or Savings (2);

- Payment Amount, (Whole Dollar Amounts Only);

- Fiduciary's Daytime Telephone Number; and

- Requested Payment Date, no later than one day after the return receipt date or equal to the return receipt date

---

EFTPS

Form 1041 payments (estimated, balance due, and subsequent) can be made through the Electronic Tax Payment System (EFTPS). Contact an EFTPS Financial Agent at 800-555-4477 or 800-945-5300 for information.

EXTENSION

An extension of time to file does not grant an extension to pay tax.

SECTION 13 DISTRIBUTION OF COPIES

PARTICIPANT'S COPY

The participant (preparer) must keep a copy of the Form 1041 return, Schedules K-1 and Form 8453-F, U.S. Estate or Trust Income Tax Declaration and Signature for Electronic Filing. The copy of the electronic return may be kept on computer media.

CLIENT'S COPY

The participant should advise clients to keep copies of all materials filed with the Ogden Submission Processing Center. The copy of the electronic return can be a copy of the official forms or in a format designed by the participant, in which each data item refers to the line entries on the official forms. The copy can be on computer media. The computer media copy must be composed carefully to avoid violating disclosure rules.

NOTE: Anyone who receives a copy will be given **ONLY** the information he or she is entitled to receive.

ELECTRONIC ACK

The participant (Transmitter) should keep a copy of the Electronic Acknowledgment (ACK) **(See Part A, Section 5, Acknowledgment Process)** received from the Ogden Submission Processing Center for 3 months to facilitate inquiries. If the participant is also the paid preparer or the fiduciary, the normal retention periods for tax return information applies, as specified in the Internal Revenue Code.

FIDUCIARY'S COPY

If the transmitter and the fiduciary are not the same, the transmitter must give the fiduciary a copy of all materials that are described above and filed with IRS for the estate or trust.

IRS COPIES

The participant must give IRS access to all materials that the participant must keep to comply with these procedures.

SECTION 14 ADVERTISING STANDARDS

RESTRICTIONS Preparers and transmitters shall comply with the advertising and solicitation provisions of 31 C.F.R. Part 10 (Treasury Department Circular No. 230) with respect to their capability to file electronic returns.

ENDORSEMENT IRS endorsement must not be implied. Acceptance to participate in the program **does not mean** that the Internal Revenue Service endorses the computer software or quality of services provided. Therefore, any public communication in which a participant's electronic filing capability is referenced, whether through publication or broadcast, **must** clearly indicate that IRS acceptance of the participant for electronic filing does not constitute an endorsement or approval of the quality of tax preparation services provided.

SECTION 15 MONITORING

REQUIREMENTS Participants must conform to the requirements of these procedures.

SUBMISSIONS The Ogden Submission Processing Center will monitor each participant's submissions to ensure that quality is kept at an acceptable level. The Service Center will counsel the participant, if necessary.

QUALITY If a participant does not maintain an acceptable level of quality, the electronic filing authorization may be revoked.

SUSPENSION The following conditions can lead to suspension:

- Deterioration in the format of submissions;
- Unacceptable cumulative error rate;
- Violation of advertising standards;
- Unethical practices in return preparation;
- Untimely receipt of Forms 8453-F or incomplete, illegible, altered, missing, or unapproved substitute Forms 8453-F;
- Misrepresentation on the participant's application (Form 9041); and
- Other facts or criteria that would adversely reflect on the electronic filing.

PENALTIES Treasury Regulations take precedence over these procedures. Electronic participants are subject to any criminal penalty for unauthorized disclosure or use of tax return information, as described in Treasury Regulation 301.7216-1(a). Other preparer penalties pertaining to individuals or firms who meet the definition of an income tax return preparer are covered under IRC Section 7701(a)(36) and Treasury Regulation 301.7701-15.

COUNSELING IRS will counsel suspended participants concerning the requirements for reinstatement in the program.

SECTION 16 ADMINISTRATIVE REVIEW

PARTICIPATION Applicants and participants who are denied participation, or suspended, have the right to request an administrative review.

REINSTATEMENT Requests for administrative review of ineligibility or suspension decisions should be directed to:

Internal Revenue Service
Office of the Director of Practice (PC:E:P)
1111 Constitution Avenue, NW
Washington, DC 20224

SECTION 17 EFFECT ON OTHER DOCUMENTS

REVISIONS This revision supersedes any Publication 1437 previously issued.

PUBLICATIONS Publication 1438, Validation Criteria and Record Layouts for the 1041 *e-file* Program and Magnetic Media Filing, U.S. Income Tax Return for Estates and Trusts for Tax Year 2002;

NOTE: These publications are updated annually.

SECTION 18 EFFECTIVE DATE

CALENDAR AND FISCAL YEAR RETURNS These procedures remain effective for calendar year returns ending December 31, 2002, and fiscal year returns ending January 31 through June 30, 2003.

SECTION 19 IRS *e-file* CONTACTS

For a complete list of the *e-file* contacts go to the web site provided.

www.irs.gov/elec_svs/eta-coord.html

PART-B

SPECIFICATIONS FOR THE1041*e-file* PROGRAM

SECTION 1 FILE FORMAT

.01 GENERAL DESCRIPTION

All transmission data must be in ASCII Format. No binary fields may be transmitted.

(1) All logical records must be transmitted electronically in a series of logical blocks. A four-byte counter must precede each logical record within a block. The byte count must include the length of the record plus the length of the byte count, the Start of Record Sentinel 4 asterisks ("****") and the Record Terminus Character pound sign or hash mark ("#").

NOTE: IBM byte counts must not be used. Using the IBM Byte Count will add four (4) positions to each record. This will increase the size of the record and shift everything over four (4) positions. This is not compatible with the Form 1041 programs.

(2) Every logical record must have as its last significant byte the Record Terminus Character ("#").

(3) Records must be fixed (all records within the return are the same length) or variable (each record within the return is of the length shown on the form/schedule in Publication 1438, Section C).

The following data structures are acceptable:

1. Variable Length, unblocked records

2. Variable Length, blocked records

3. Fixed Length, unblocked records

A fixed length, blocked record, data structure is unacceptable, as this format will produce blank padding between logical records within the block.

(4) Files must not contain more than 10000 Form 1041 tax returns in a single transmission.

(5) The first record on a transmitted file (the TRANA and TRANB records) contains information regarding the transmitter and file format. The records comprising a tax return being transmitted should follow this record. The last record on a transmitted file (RECAP Record) provides a total return count (Field #0030) which is compared to the IRS computer count.

The TRANA Record also uniquely identifies each file transmitted. Field #0080 (Transmission Sequence Number) of the record is used for this purpose.

(6) A tax return will consist of a variable number of fixed-field records. The size and format of the logical record for each page of each form, schedule etc., are specified in Publication 1438, Section C. In addition, a variable field/record format for Schedule K-1 is acceptable. See details under Variable Length Option.

(7) Each logical record should contain all data fields pertaining to one printed page of an official form or schedule or to a line of a statement. Therefore, the logical record contains an entire form or schedule, or a logical part (i.e., PG01 or PG02 of a form or schedule, or a line of a statement).

.02 RETURN SEQUENCE ORDER

The sequence of a complete Form 1041 tax return file submission is as follows:

(1) Transmission (TRANA and TRANB) Record (REQUIRED)

(2) Form 1041 Return (RET) Record (Pages 1 and 2 REQUIRED)

(3) Schedule (SCH) Records - must be transmitted in ascending alpha sequence.

Note: If a schedule has the same alpha as another schedule, then the schedule must be transmitted in ascending numeric order.

(4) Form(FRM)Records–must be transmitted in ascending numeric sequence.

(5) Statement (STMbnn) Records for forms and schedules other than Schedule K-1.

(6) Schedule K-1 (Form 1041) Records - must be transmitted in ascending numeric sequence.

(7) Schedule K-1 (Form 1041) Statement (STM 99 and STM 100) Records if applicable, must be transmitted in ascending numeric sequence and **must** trail the corresponding Schedule K-1. The Statement Record (STM 99 and STM 100) for Schedule K-1 page 1 can trail the corresponding Schedule K-1 page 1 or it can trail the corresponding Schedule K-1 page 2 with the same sequence number and EIN.

(8) Summary Record (REQUIRED)

(9) RECAP Record (REQUIRED)

.03 FILER INFORMATION: (Information relating to a file submitted by a filer.)

(1) The file should be unlabeled (no standard header or trailer records).

(2) Each file must contain only complete returns.

(3) Do not generate a page of a form or schedule if there are no entries on the page record. A blank page (Record ID only) will cause the return to reject. (Except in cases where multiple forms or schedules require that one page be present if the other is)

(4) The first record of a complete Form 1041 transmission is the **TRANSMISSION (TRANA AND TRANB) Record**.

(a) The first record of a return consists of Form 1041 Page 1, Form 1041 Page 2, Form 1041 Page 3, and Form 1041 Page 4.

(b) The second series of records are the Schedule Records. They must be in ascending alpha sequence.

(c) The third series of records are the Form Records. They must be in ascending numeric sequence **(See Section 2, Page 43, Types of Records)**

(d) Statements are the fourth series of records. The electronic filer can only use them when the number of data items exceeds the number that can be contained in the blank provided on the printed form or schedule. Data must be provided on a separate continuation Statement (STM) Record or a statement of explanation is required for a specific condition.

(e) Schedule K-1 Records are the fifth series of records. They must be in ascending numeric sequence.

(f) Schedule K-1 (Forms 1041) Statement (STM 99 and STM 100) Records – if applicable, must be transmitted in ascending numeric sequence and **must** trail the corresponding Schedule K-1. The Statement Record (STM 99 and STM 100) for Schedule K-1 page 1 can trail the corresponding Schedule K-1 page 1 or it can trail the corresponding Schedule K-1 page 2 with the same sequence number and EIN.

(g) A Summary Record will be the sixth and final series of records for each tax return. This record will contain electronic filer identification data and counts of the Schedules, Forms and Statements included in the return.

(5) The end of a logical transmission will be signaled by the literal "RECAP" Field #0000 of the Record ID) followed by the RECAP Record data and then the Record Terminus Character.

.04 MULTIPLE FORMS AND/OR SCHEDULES

The totals for multiple forms/schedules are consolidated on the first form or schedule record transmitted.

EXAMPLE: Schedule E provides space for up to three properties. If there are more than three properties additional Schedule E's are needed. The figures on lines 24 and 25 should be the combined totals of all forms.

.05 FIXED LENGTH OPTION (Fixed Format)

The Fixed Length Option requires that the entire tax return be transmitted exactly as defined in the record layouts, and all fields must be present. If a field contains no data, it must be blank-filled or zero-filled. An "F" in the Record Type Indicator (Field #0100) of the Transmission (TRANA) Record should indicate the Fixed Format.

NOTE: Fixed and Variable data should not be submitted in the same transmission.

When the fixed length option is used, the following data field conventions must be followed:

(1) <u>Alphanumeric Fields - Fixed Format</u>

(a) Left-justify the field with trailing blanks.

(b) Fields defined, as containing literal values (including embedded blanks) must be as specified in the Record Layouts. Trailing blanks must be entered.

NOTE: The trailing blanks are not shown in the Record Layouts.

(2) Numeric Fields - Fixed Format

(a) Unsigned numeric fields: Right-justify with leading zeros.

(b) Signed numeric fields (money amounts): Right-justify with leading zeros, reserving the right-most position for the sign. A blank ( ) indicates a gain and a minus sign (-) indicates loss.

(c) Signed numeric fields that can also contain literal values: Enter signed numeric fields as described above. When entering a literal value, left-justify and blank-fill the field.

.06 VARIABLE LENGTH OPTION (Variable Format)

The Variable Length Option provides for the transmission of only key fields and significant data fields within a return record. The TRANA, TRANB, Statement Record, Summary and RECAP Records must be transmitted in a Fixed Format.

(1) A “V” in the Record Type Indicator will indicate the Variable Format (Field #0100) of the Transmission (TRANA) Record. In this format, the data field is preceded by the applicable field identification number shown in specific record layouts. The field identification number is enclosed within square bracket field delimiters ([ ]).

NOTE: Variable and Fixed data should not be submitted in the same transmission. Some returns must be submitted in fixed format.

NOTE: The Record Control Information must precede any variable format but must not be preceded by Field Numbers.

(2) The Record Control Information and the Record Terminus Character must remain in Fixed Format. The individual data fields need only contain the significant data (i.e., no leading zeros or trailing blanks).

(3) **IMPORTANT:** THE FOLLOWING THREE CHARACTERS left bracket "[", right bracket "]", and pound sign or hash mark "#" ARE RESERVED AS DELIMITERS AND MAY NOT APPEAR AS DATA CHARACTERS.

(4) For Variable Length Records the following data field conventions must be followed:
Alphanumeric Fields - Variable Format

1. Left - justify data in field. Do not enter leading blanks. Trailing blanks may be dropped.

2. Fields defined as containing literal values must be as specified in the Record Layouts. Only the value of the literal (including embedded blanks) must be entered. Trailing blanks may be dropped.

Numeric Fields - Variable Format

1. Unsigned numeric fields, leading zeros must be dropped, except for date and percentage fields.

2. Signed numeric fields (money amounts): Leading zeros may be dropped. For a positive value, the trailing blank that indicates a gain is dropped. For a negative value in field that can contain either a gain or loss, the minus sign ("-") must be entered in the last position of the signed numeric field.

3. Signed numeric field that can also contain literal values: Enter signed numeric fields as described above. When entering a literal value, left-justify the field, it is not necessary to enter trailing blanks.

4. Data is "butted up" or concatenated to field identifier with no intervening spaces.

   NOTE: The Byte Count must include the four character Byte Count field, the record sentinel field and all left/right brackets including the field numbers.

(5) Statement and Summary Records - Fixed Format

Because the individual data fields of the Statement and Summary Records are not keyed to Field Sequence Numbers, all the data fields must be formatted as fixed length fields, so the data will appear in the correct positions. If a field contains no data, it must be blank-filled or zero-filled.

When transmitting in fixed format, each Statement and Summary Record will begin the Record Control Information (Byte Count and Start of Record Sentinel fields) in the same fixed format as shown in the Record Layouts. This is followed by the opening square bracket field delimiter ([), the Record ID, the data fields formatted as fixed length fields, the closing square bracket field delimiter (]), and the Record Terminus Character (#).

See Section 9 for Statement Record information.

EXAMPLE OF VARIABLE SCHEDULE K-1 RECORD:

0196****SCHbbbK1bbbbPG01b123456789b0000001[0010]01011999[0020]12311999
[0030]APPLDbFOR[0040]FITZPATRICK[0050]DISNEYLAND[0070]LOSbANGELOS[00
80]CA[0090]227341[0220]123456[0240]123456[0460]2357689[0620]734593#

1. **BYTE COUNT (0196)**
2. **START RECORD SENTINEL (****)**
3. **RECORD - ID (SCHbbb)**
4. **TYPE (K1bbbb)**
5. **PAGE NUMBER (PG01b)**
6. **EMPLOYER IDENTIFICATION NUMBER (EIN) (123456789)**
7. **FILLER (b)**
8. **SCHEDULE OCCURRENCE NUMBER (0000001)**
9. **FIELD NUMBER (0010)**
10. **DATA (01012000)**
11. **RECORD TERMINUS CHARACTER (#)**

NOTE: "b" represents a space/blank

SECTION 2 TYPES OF RECORDS

.01 TRANSMISSION RECORD (REQUIRED)

The first record on each file must be the Transmission (TRANA and TRANB) Record that will identify the Transmitter, the file format and the specific file being transmitted. The Transmitter is the firm transmitting directly to the IRS.

.02 TAX RETURN RECORD (Form 1041) (REQUIRED)

The second record is the Return Record. Each tax return must start with a Form 1041 Page 1 and followed by a Form 1041 Page 2, 3 and 4.

.03 SCHEDULE RECORD

If Schedule Records are included in the return they should follow the Form 1041 return and be the second series of records. Each Schedule Record within a Form 1041 contains a Schedule Occurrence Number (Field #0005). This number increments within the schedule itself. If a return contains several Schedule C's and Schedule F's the Schedule C Schedule Occurrence Number would begin with 0000001 incremented by one for each succeeding Schedule C. The first Schedule F Schedule Occurrence Number would also begin with 0000001 on both pages 1 and 2 and would also be incremented by one for each succeeding Schedule F (i.e., 0000002, 0000003, 0000004, etc). Each schedule page should appear in ascending alphabetical order by schedule type. For each schedule page filed the appropriate summary count should be incremented.

.04 FORM RECORD

If Form Records are included in the return they should be the third series of records and should follow the schedules if present. Each form record within a Form 1041 return contains a Form Occurrence Number (Field #0005). This number increments within the form itself. If a return contains several Forms 4562 and Forms 6252, the Form 4562 Form Occurrence Number would begin with 0000001 for both page 1 and 2, incremented by one for each succeeding Form 4562. The first Form 6252 Form Occurrence Number would also begin with 0000001 on both pages 1 and 2 and would also increment by one for each succeeding Form 6252 (i.e., 0000002, 0000003, 0000004, etc). Forms must be in ascending numeric sequence order.

.05 STATEMENT RECORD - (STMbnn)

(1) Statement Records are the fourth series of records after Returns, Schedules and Forms and can be used only where the Record Layout specifies **"STMbnn"**. Statement Records are only used WHEN:

1. The number of data items exceeds the number that can be contained in the blank provided on the printed form or schedule. Data must be provided on a separate Statement (STM) Record; or

2. A statement of explanation is necessary under certain conditions (REQUIRED)

(2) An optional statement (marked with an asterisk **'*'** sign in the record layout) or a required statement (marked with a commercial at sign **'@'** in record layout) will contain at least one statement line record if corresponding fields contain significant data, otherwise the fields should contain blanks.

(3) Each line of a statement must contain the EIN of the primary taxpayer and is considered a record itself.

(4) After the EIN, each line of the statement data must equal 80 characters or bytes. The total bytes for each line must equal 132.

(5) All Statement Records must be in Fixed Format.

(6) Each Statement Record is given a sequential number from 01 to 98. References to statements on the tax return must be in ascending numeric sequence and must be referenced in the same sequence as they appear on the forms and schedules.

NOTE: Although Statement Record reference numbers must be in ascending sequence; they do not have to be in consecutive numerical sequence.

(7) A statement for a return, schedule or form record will have at least one Statement Record. Each Statement Record may have up to 99 pages and each page will consist of 50 lines per page.

(8) Statement (Global) - Free form Statement Record used for part, or all of a schedule/form.

(9) The 80 character literal description of data corresponding to any Statement Record within the return, containing non-tabular data (e.g. Field #0380 in Form 1041), will begin with line 1. Data should appear left justified as a continuous print line. The same statement may be continued with additional lines, consecutively numbered, until a maximum of 50 lines have been formatted for the first page or the end of the information needed to be formatted as a statement has been reached, whichever comes first. If additional lines are needed to complete a statement, an additional page with a maximum of 50 lines may be formatted continuing with the line numbering sequence starting with line one.

(10) The Statement Record with tabular data may contain column headings (tabular column titles) spaced with the headings as they would appear on the printed form. If the statement data does not require tabulation, free format is allowed.

.06 SCHEDULE K-1 (Forms 1041) STATEMENT RECORD - (STMb99 and STMb100)

Statement (STM 99 and STM 100) – Free form Statement Record for Schedule K-1. The Statement Record for a Schedule K-1 is used in place of paper attachments to the Schedule K-1. There is only 1 statement (STM 99 and STM 100) per Schedule K-1. The Schedule K-1 sequence range is 0000001-9999999. Statements Records and the Schedule K-1 must have the same sequence number and Employer Identification Number (EIN). A Schedule K-1 Statement Record (STM 99 and STM 100) must trail the corresponding Schedule K-1. The Statement Record (STM 99 and STM 100) for Schedule K-1 page 1 can trail the corresponding Schedule K-1 page 1 or it can trail the corresponding Schedule K-1 page 2 with the same sequence number and EIN. However, a Statement Record (STM 99 and STM 100) for a Schedule K-1 page 2 CANNOT trail the corresponding Schedule K-1 page 1 with the same sequence number and EIN. Each Statement Record may have up to 99 pages and each page will consist of 50 lines per page.

Example: (STM 99 and STM 100)

Schedule K-1	Page 1	00-0000000		Sequence 1
Schedule K-1	Page 2	00-0000000		Sequence 1
STM 99	Page 1	00-0000000	LN 1	Sequence 1

Schedule K-1	Page 1	00-0000000		Sequence 1
Schedule K-1	Page 2	00-0000000		Sequence 1
STM 100	Page 1	00-0000000	LN 1	Sequence 1
STM 100	Page 1	00-0000000	LN 2	Sequence 1

		Or		
Schedule K-1	Page 1	00-0000001		Sequence 1
STM 99	Page 1	00-0000001	LN 1	Sequence 1
Schedule K-1	Page 2	00-0000001		Sequence 1
STM 99	Page 1	00-0000001	LN 2	Sequence 1

Note: Statement Records (STM 99 and STM100) will have 99 pages with 50 lines per page.

.07 SUMMARY RECORD (REQUIRED)

The Summary Record or Schedule K-1 Summary Record is the final record for each Form 1041 tax return. This record will contain filer identification data; counts of the schedules, forms and statements included in one return; and indicators for paper documents that are attached to Form 8453-F.

.08 RECAP RECORD (REQUIRED)

The RECAP Record is the final record in a return file. Fields in this record cross-reference the transmitter's information from the first record of the Transmission (TRANA and TRANB) Record. The RECAP Record contains a field that specifies the Total Return Count (Field #0030) for all the records submitted within the transmission.

SECTION 3 TYPES OF CHARACTERS

The following illustrates the various characters that are allowed in electronically filed returns:

.01 ALPHA (A) A - Z Upper case alpha characters only. (Literal - must be in the exact character string as shown in Section 9 Record Layouts)

.02 NUMERIC (N) 0 - 9 Numeric characters only - must be right-justified, zero-filled when using fixed format.

(1) Money amount field (N) - 12 characters - 11 numeric characters followed by a minus sign (-) to represent a negative amount, or followed by a blank space to represent a positive amount.

Whole dollars are only allowed (no cents)

Significant entries (not all zeros) - must be right-justified; zero-filled;

Non-significant entries - zero-filled or space/blank, no dollar signs, decimal points, or other non-numeric characters are allowed.

(2) Percentage Fields for Form 1041 and related forms and schedules are 6 numeric

Must be left-justified, zero-filled and no decimal points entered. (The decimal point is assumed to be between the third and fourth position)

EXAMPLE: 25.32% = 025320
105% = 105000
If less than 100% - precede with one zero

Non-significant Percentage Fields - zero-filled or space/blank

(3) Zip Code (N) - 12 character numeric field, must be left- justified. If using only 5 Zip Code characters, the last 7 remaining digits must be either space/blank or zero-filled. If using only 9 Zip Code characters, the last 3 remaining digits must be space/blank or zero-filled.

EXAMPLE: nnnnnbbbbbbb
nnnnnnnnnbbb
nnnnnnnnnnnn

(4) Other (N) - if present - must be all numeric, right-justified, zero-filled;

If not present - blank-filled unless otherwise specified in the Record Layout for that field.

(5) Dates (DT) - M = Month, D = Day, Y = Year (YYYYMM, YYYYDD or YYYYMMDD) If date is not known or covers various dates, the date must be blank filled.

.03 ALPHANUMERIC (A/N) A - Z (Uppercase), 0 - 9 and special characters as listed below:

Literal must be the exact character string as shown in Section 9 Record Layouts.

(1) Special Data Characters - only the following characters can be used in certain cases: Ampersand (&); Blank ( ) - often shown as "b"; Hyphen (-); Percent (%); Slash (/); (<) Less Than

(2) Special Delimiters - only used to delimit:
Field numbers - Brackets - Left ([), Right (]);
Beginning of Record - asterisk (****)
End of Records - Pound Sign (#)

(3) Special Symbols and their hexadecimal conversion characters for ASCII and EBCDIC are below:

Symbol	ASCII Hex	EBCDIC Hex	Symbol	ASCII Hex	EBCDIC Hex
[	5B	AD	-	2D	60
]	5D	BD	&	26	50
#	23	7B	/	2F	61
<	3C	4C	%	25	6C

NOTE: Some of the above symbols are not permitted in certain fields.

.04 Special Cases for Special Fields

(1) TAX PERIOD:

1. For the purpose of this publication the valid tax periods for Tax Year 2002 are:

   (a) Calendar Year returns = 200212

(b) Fiscal Year returns = 200301, 200302, 200303, 200304, 200305, 200306,

2. The Tax Period, Field #0005 in the Return Record is composed of a numeric month and year of the Calendar/Fiscal Year Ending for which the return is being filed. The format is YYYYMM (YY = year and MM = month). Example: A return with a Calendar Year Ending of December 31, 2002 will be assigned a Tax Period of 200212. Returns filed under the 52 - 53 week rule may not end more than 6 days before or more than 3 days after the close of the month. They should be assigned a Fiscal Year Ending based on that month (i.e. if the ending date is June 3, 2003, the Tax Period field will be 200305 or if the ending date is June 25, 2003, the Tax Period is 200306).

(2) NAME CONTROL:

1. The Name Control (Field #0030) of the Return Record for a trust should be determined from the information specified on the name of the estate or trust line (Field #0060). The Name Control consists of the first four characters of the surname, corporation, trust name or number. The name Control field for estates should be derived from the first four characters of the last name of the decedent.

EXAMPLES:

Trusts/Estates	Name Control
Appletree Trust Co. Trustees U/W Of Kate B. Crabapple Dec'd (FBO Edna M. Rose)	**CRAB**
Treas. Of the State of NC in Tr. For Jasmine Ins. Co.	**JASM**
GNMA Pool No. 008619 Chicago Bank TTEE	**8619**
Welfare Fund of International/Union Of Operating Engineers/Locals 436 & 436B AFLI-CIO Locals 436 & 436B TTEE	**WELF**
Tstmtry. Trust UW Maggie Plum for Claudia Ivy & Warren IRS W. Verbena & Charles Plum C/o Willow & Plum	**PLUM**

2. Disregard blanks between letters in the last name. Omit punctuation marks, titles and suffixes. Exclude the word "the" when followed by more than one word.

3. For Indian tribes, use the name of the tribe.

4. For FNMA or GNMA Mortgage Backed Securities, use the first four digits of the trust number, disregarding any leading zeros. If there are fewer than four numbers, use the letters “GNMA” or FNMA” for GNMA and FNMA Pools respectively to complete the name control.

   EXAMPLES:

   GNMA Pool No. 00100, use 100G as the Name Control.
   FNMA Pool No. 00100, use 100F as the Name Control.

5. Before you determine the name control, take the following into consideration.

   (a) The first position can only be alpha and numeric characters, A-Z or 0-9.

   (b) Positions 2,3,and 4 can be alpha and numeric characters A-Z and 0-9; the ampersand (&), hyphen (-) and blanks are the only special characters allowed.

   (c) Intervening spaces between characters are not allowed.

   EXAMPLES:

INDIVIDUAL NAME	PRIMARY NAME CONTROL
John Brown	**BROW**
John Lea-Smith	**LEA-**
John Di Angelo	**DIAN**
John O’Neal	**ONEA**
John En, Sr.	**EN**
Joe McCarty	**MCCA**
Mary Smith & John Jones	**SMIT**

Consider certain foreign suffixes as part of the last name (i.e., Armah-Bey, Paz-Ayala, Allar-Sid). Give particular attention to those names which incorporates a mother’s maiden name as a suffix to the last name. This practice is common in names of Spanish extraction. Consider the mother’s maiden name as part of the surname for Name control purposes.

EXAMPLES:

INDIVIDUAL NAME	PRIMARY NAME CONTROL
Pedro Paz-Ayala	**PAZ-**
Abdullah Allar-Sid	**ALLA**
Juan de la Rosa Y Obregon	**DELA**
Jose Alvarado Nogales	**ALVA**
Donald Vander Neut	**VAND**
Otto Von Wodtke	**VONW**

Below are examples of Indo-Chinese last names and the derivative Name Control. Some Indo-Chinese names have only two characters. Indo- Chinese names often have a middle name of "Van" (male) or "Thi" (female). The last name Nguyen is common.

EXAMPLES:

INDIVIDUAL NAME	PRIMARY NAME CONTROL
Binh To La	**LA**
Kim Van Nguyen	**NGUY**
Nhat Thi Pham	**PHAM**
Jin-Zhang Qui & Yen-Yin Chiu	**QUI**

(3) NAME LINE 1:

1. DO NOT ENTER MORE THAN 35 CHARACTERS! You must abbreviate the name to fit within the allotted blank.

2. No leading or consecutive embedded blanks. The only characters allowed are alpha, numbers, blank, and the special characters: ampersand (&) and hyphen (-). The left most position must be alpha.

3. All apostrophes (') and any other punctuation characters, except the hyphen (-), and ampersand (&) must be omitted from names and the alphabetic characters must be shifted to the left in their place (e.g., O'Shea = OSHEA).
4. Numeric Characters in name components must be replaced by alphabetic Roman Numerals (e.g., Charles 3rd = CHARLES III).

(4) NAME LINE 2:

1. Will be used for street addresses that require two lines or "In Care Of" address. An "In Care of" address must be indicated by a percent character (%) followed by a blank and the name that is in care of delivery.

EXAMPLE: **Mr. John Jones**
In Care of Alice B. Smith
801 Brown St.

ENTER AS: **JOHN JONES (Primary First Name, Primary Last Name)**
% ALICE SMITH (Name Line 2)
801 BROWN ST (Street Address)

2. Is alphanumeric, left-justified and can have no leading or consecutive embedded spaces. The only special characters allowed are space, ampersand (&), hyphen (-), slash (/), less than (<), and in care of (%).

(5) EIN:

Must be 9 numeric characters, left-justified 0 – 9.
NOTE: When applicable, Non-resident individuals may use the literal “APPLD FOR”.

(6) STREET ADDRESS:

1. Is alphanumeric and can have no leading or consecutive embedded spaces. The only special characters allowed are space, hyphen (-), and slash (/).

2. Only one intervening space may separate any two components. Periods should be deleted from these lines.

3. The first position or character must be alphabetic or numeric.

4. Enter the house number and street, route number, post office box, or box number. The literal "NONE" must be entered in the street address if there is no number and street, post office box, or rural route.

5. Special instructions for Schedule K-1 foreign addresses: Enter street address, including province and or mailing code in Field #0090.

EXAMPLE:

Field # 0090 - 20 CHAMPS ELYSEE 75307 PARIS (7 blanks)"
Field # 0100 - "PARIS (30 blanks)"
Field # 0110 - "FRANCE (16 blanks)"
Field # 0120 - "."
Field # 0130 - "(12 blanks)"

If Field # 0090 and # 0100 require more than 35 characters, abbreviate whenever possible.

6. Words may be abbreviated, using the standard abbreviations in Exhibit 1, unless the word is a proper name.

EXAMPLES	ENTER AS
South Court Street	S COURT ST
Circle Drive	CIRCLE DR
Lane Building	LANE BLDG
Northeast Street	NORTHEAST ST
Third Street	THIRD ST
3 Ave.	3RD AVE

7. If two addresses are present, enter the address shown immediately above or before the city and state in the Street Address Field.

EXAMPLE 1:
Mr. John Jones
801 N. Erie Street
P.O. Box 1502
Toledo, OH 43603

ENTER AS:
JOHN JONES (Primary First Name, Primary Last Name)
801 N ERIE ST (First Address Line)
PO BOX 1502 (Second Address Line)

EXAMPLE 2:
Mr. John Jones
P.O. Box 1502
801 N. Erie St., Toledo, OH 43603

ENTER AS:
JOHN JONES (Primary First Name, Primary Last Name)
PO BOX 1502 (First Address Line)
801 N ERIE ST (Second Address Line)

8. Enter college, building, or post office branch as the address if no mailing address is given.

9. Do not use "#" symbol, "No.", or "Number" as a prefix to a house, apartment, route, or P.O. Box.

10. Always add st, nd, rd, th, to a numbered street or avenue.
    EXAMPLES: 1 = 1ST; 2 = 2ND; 3 = 3RD, etc.

11. Enter 1/2 as 1/2 (no blanks).

12. Plurals for street, road, avenue, apartment, etc., will be entered as STS, RDS, AVES, APTS, etc.

13. For a military overseas address, enter the letters "APO" or "FPO" in the first three leftmost positions of the City Field.
    (See Exhibit 3 for list of valid APO/FPO City/State/Zip Codes).

14. When it is necessary to abbreviate the street address data, see Exhibit 1 for the recommended abbreviations.

(7) CITY

The City Field will be invalid if it contains characters other than alpha or blank for cities that are not foreign. (The only special character allowed is the blank, but it must never be the first character.) If the name of a city contains two words or more, only one intervening space is allowed between consecutive words (e.g., New York).

For Foreign Addresses: Enter name of country in this field, left justified and blank-filled. Valid characters are alpha, numeric, and blank. Only one intervening space is allowed between consecutive words.

(8) STATE

The State Abbreviation must be alpha and consistent with the standard state abbreviations issued by the Postal Service. **(See Exhibit 2 for the standard Postal Service State Abbreviations, and Exhibit 3 for the valid City/State/Zip Code combinations for military personnel with an overseas address)** These abbreviations must be used for the State Abbreviation field and must correspond with the valid range of the three high order zip code digits for each state.

NOTE: For Foreign Addresses enter a period and a blank (".b") in the State Code field.

(9) ZIP CODE

Zip Code should be left justified. If there are only 5 zip code characters, the last 7 remaining digits may be either blank or zero-filled. If there are only 9 zip code characters the last 3 remaining digits may be either blank or zero-filled. Zip Codes must be within the valid range for that state.

(10) Special Instruction for Schedule K-1, Field #0070, Beneficiary's Identifying Number

The Beneficiary's Identifying Number (Field #0070) on the Schedule K-1 can be a Social Security Number (SSN) for an individual or an Employer Identification Number (EIN) for a business or another trust. Use the literals “APPLD FOR” if the following applies:

"APPLD FOR" - If the beneficiary does not have an identifying number but has applied for one, the literal "APPLD FOR" should be used in (Field #0070) of the Schedule K-1.

SECTION 4 DATA COMMUNICATIONS

A new Trading Partner Interface for the Electronic Management System has been implemented. Please read and become familiar with section 4, Data Communication, and Section 5, transmission File Format.

Highlights for Tax Year 2002

Front End Processing Subsystem (FEPS)

- New Trading Partner/Transmitter Interface with examples are listed in the DATA COMMUNICATIONS section below
- New 8 alpha-numeric password
- New Communications Acknowledgement Error Messages
- The following Communication Error ACK Messages were deleted for Tax Year 2001:

  1. "THIS IS A DUMMY ACKNOWLEDGMENT FILE"
  2. "MAXIMUM NUMBER UNSUCCESSFUL LOGIN ATTEMPTS REACHED"
  3. "TRANSMITTER WAS NOT READY TO RECEIVE ACKNOWLEDGMENT FILE"
  4. "PROBLEM OCCURRED SENDING ACKNOWLEDGMENT FILE (S): YOU MAY CALL TO HAVE FILE (S) RESET"

NOTE: To avoid your transmission and return from rejecting, assure that:

- No brackets are in the record Identification
- Sequence numbers are in the correct order
- Employer Identification Numbers are with the appropriate return
- Summary Record is correct (matching the number of return)

Electronic Filers will transmit over the Public Switched Telephone Network to the Tennessee Computing Center (TCC) in Memphis.

NOTE: In 1996, IRS began phasing in a UNIX-based Front End Processing Subsystem (FEPS), also known as the Electronic Management System (EMS), at TCC to eventually replace all of the IBM Series/1 Data Communications Subsystem (DCS). In processing year 1997, the Tennessee Computing Center (TCC) replaced the Series/1 DCS with the new FEPS. Beginning with processing year 1997, the Austin Service Center (AUSC) also began phasing in the FEPS and in 1999 phased out the IBM Series/1. Beginning with PATS and BATS in1999, the IBM Series/1 mini-computers were retired from Andover.

Beginning with the 2002 Filing Season, the FEPS uses a menu-driven instead of a prompt-mode Trading Partner Interface.

NOTE: Transmitters who expect to handle a large volume of electronic returns may request to lease their own dedicated line(s) at TCC**.** They must arrange to lease and install the lines and purchase modems at both ends. They may also purchase equipment to use one of the high-speed transfer protocols, such as FTP, on 56kbs or ISDN lines at either AUSC or TCC. For more information and approval, contact:

Internal Revenue Service
ATTN: Darryl Giles
EMS Development Section
M:I:SD:SP:EI:EM
NCFB A5-357
5000 Ellin Rd.
Lanham, MD 20706

NOTE: The IRS systems are designed to handle large volume transmissions. The practice of transmitting many small batches saturates the indices and degrades the systems. Dial-up transmitters should file no more than **500 returns per transmission.** Dial-up filers using ZMODEM with Checkpoint/Restart can file more than 500 returns per transmission with a maximum of 10,000 returns per transmission. If fewer than 500 returns are to be transmitted, they should be filed not more than once per drain.

Dedicated, leased line transmitters may file up to 10,000 returns per transmission (Return Sequence Numbers 0000-9999); if fewer than 10,000 returns, file once per drain. Transmitters using high-speed protocols may file no more than 10,000 returns per transmission.

SECTION 4 DATA COMMUNICATIONS CONTINUED

.01 IRS Front-end Processing Subsystem (FEPS)

1. **Asynchronous (Async) Communications Specifications**

The FEPS support the following:

a. Line Speeds
1200 – 56,000 bps (1.2 – 56 kbps)

Note: IRS recommends the fastest speed possible to reduce transmission times and costs and is exploring the feasibility of eliminating MODEM speeds under 28 kbps.

b. Modems
All Dial-up modems must be **compatible with V.34 (28.8 and 33.6 kbps) or v.90 (56 kbps) standards.** All leased-line async modems must be the same at both the IRS and the transmitter sites.

c. File Transfer Protocols
(1) FTP (with special permission – see Section I. 01. 1.)
(2) KERMIT
(3) XMODEM-CRC
(4) XMODEM Checksum
(5) XMODEM-1K
(6) YMODEM-G
(7) YMODEM-Batch
(8) ZMODEM

Transmitters may use any telecommunications software that is compatible with the above file transfer protocols.

d. Character Codes
American Standard Code for Information Interchange (ASCII)

e. Industry Standards
(1) Data
(a) Industry Standard 103
(b) Industry Standard 212A
(c) ITU-T V.22
(d) ITU-T V.22 bis
(e) ITU-T V.32
(f) ITU-T V.32 bis
(g) ITU-T V.34
(h) ITU-T.V.90
(2) Error Control
ITU-T V.42

(3) Data Compression
(a) ITU-T V.42 bis
(b) MNP 5

NOTE: IRS does offer ZMODEM data compression.

(4) Error Compression
MNP 2-4
(5) **File Compression**
COMPRESS
GZIP (Freeware available from www.gzip.org)
(6) Duplex
New communication software usually defaults to full duplex, but older software may prompt for duplex, in which case, you should respond with "full".

2. **Trading Partner/Transmitter Interface (TPI)**

The Trading Partner/Transmitter Interface (TPI) of the Front-End Processing Subsystem (FEPS) has two components: the Operating System Interface (OSI) and the Electronic Filing Systems Interface (EFSI). The OSI and EFSI prompts and messages are in upper/lower case. **The delete key may be used to correct a mistake while entering the login identification and password, (OSI interface). After successful login,** the transmitter can use the Backspace key (also generated by simultaneously entering the Control ("**Ctrl**") and "**h**" keys), (**EFSI interface**). All responses may be in upper or lower case EXCEPT the password, which is case-sensitive and must be entered with the exact case as it appears in the letter with your password and in the Transmitters Profile DataBase (TPDB).

All responses are echoed back except the password. On default prompts, the cursor will be to the right of the right bracket, followed by a colon and blank **("]: ")**.

3. **Transmitter Profile DataBase (TPDB)**

The Transmitter Profile DataBase (TPDB) keeps track of the sequence number for the ETIN to date. The sequence number is in the new Acknowledgment Reference File Name on the EFS System. The Acknowledgment Reference File Name is composed of MMDDNNNN. The 4-digit sequence number represents the number of the transmissions to date for that ETIN. The File Name as well as ETIN, Julian Day and 2-digit sequence number for the Julian Day are linked to your acknowledgment files and can be searched by the Help Desk Staff to research the status of a transmission.

4. **Asynchronous Communications Transmitter Interface**

After dialing the assigned telephone number to the FEPS, the transmitter must first enter the **carriage return** **<cr>** character, which typically can be generated by simultaneously entering the Control ("**Ctrl**") and "**n**" keys. This alerts the Operating System to transmit an ASCII login prompt.

NOTE: **Turn off call waiting (*70) before logging onto the FEPS to avoid aborted sessions.**

5. **Examples**

In the examples below**, boldface** text indicates information sent by the transmitter. The system will echo transmitter input and send a carriage return "**<cr>**", followed by line feed "**<lf>**" after receipt of a "**<cr>**" from the transmitter.

6. **Suspended Transmitter**

If a transmitter has been suspended from **IRS *e-file***, after successful login, the FEPS will display the message "**SUSPENDED TRANSMITTER/ETIN"** and disconnect the line.

7. **Logon Validation Specifications**

a. Transmission Inactivity

Any period of inactivity for 60 seconds will cause the line to be disconnected. It is assumed that the line is bad or that there are problems in transmission, so the line is disconnected to prevent the transmitter from being charged by the long-distance carrier for an inactive open line.

b. Changing File Transfer Protocol indicator (FTP)

The File Transfer Protocol indicated by the Trading Partner is shown by menu item number 3 in brackets. If the Trading Partner has not specified a protocol, **Z-modem** is assigned as a default. A Trading Partner can choose menu item 3 to change protocol.

c. Changing File Compression

A Trading Partner is assigned by default, to use no compression on file transfer. If the Trading Partner wants to use UNIX compression or GZIP compression, this can be selected from menu item 4. See Trading Partner Interface (TPI) Session examples below.

8. Trading Partner (1041,1065, 1040 and ETD) Session Example

The following discussion describes how a Trading Partner (TP) who files Forms 1041, 1065, 1040 and ETDs will interact with the FEP. **Note: The password is 8 alphanumeric characters.** Figure 1 illustrates the TP login.

a. FEPS Banner

```
**********************************WARNING*****************************************.

     Unauthorized access is prohibited by Public Law 99-474
          "The Computer Fraud and Abuse Act of 1986"

This is a United States Government system.  It is intended for the
communication, transmission, processing, and storage of official and
other authorization information only.

     USE OF THIS SYSTEM CONSTITUTES CONSENT TO MONITORING AT ALL
     TIMES AND IS NOT SUBJECT TO ANY EXPECTATION OF PRIVACY.

AUTHORIZED USE ONLY!  ACCESS TO THIS US GOVERNMENT SYSTEM CONSTITUTES
CONSENT TO MONITORING FOR LAW ENFORCEMENT AND OTHER PURPOSES.


Login: 00000
Password: password
Last login: Sun Aug 13 10:58:58 from computername
```

Figure 1. Trading Partner Login.

If the TP successfully logs in to the Operating System, the "Official Use" banner appears, as shown in Figure 2.

```
-------------------------------------------------------
      F O R   O F F I C I A L   U S E   O N L Y

                #    #####    ####
                #    #    #  #
                #    #    #   ####
                #    #####        #
                #    #   #   #    #
                #    #    #   ####

              U.S. Government computer

      F O R   O F F I C I A L   U S E   O N L Y
-------------------------------------------------------
```

Figure 2. "Official Use" Banner.

SECTION 4 DATA COMMUNICATIONS CONTINUED

b. EFS Down Message

If the FEPS application is not available the message shown in Figure 3 will be displayed and the TP will be disconnected.

```
EFS is down! Please try later.
```

Figure 3. EFS Down Message.

c. Suspended Transmitter Message

If the FEPS application is available but the TP has been suspended, the message in Figure 4 will be displayed and the TP will be disconnected.

```
SUSPENDED TRANSMITTER/ETIN.
```

Figure 4. Suspended TP Message

d. Active Transmitter

If the Trading Partner is active, the menu shown in Figure 6 will be displayed. The TP's current file transfer protocol will be displayed in brackets next to the "Change File Transfer Protocol" menu item. The TP's current compression method will be displayed in brackets next to the "Change Compression Method" menu item. The possible file transfer protocol and compression method values are identified in **Section 4.01.1.** The "File Transfer Protocols" and "File Compression Methods" menus are shown and discussed in **Figures 7 through 14**.

e. Unsuccessful Logon

After each unsuccessful login the system displays:

```
Login incorrect
```

Figure 5. Incorrect Login

SECTION 4 DATA COMMUNICATIONS CONTINUED

After 6 consecutive unsuccessful login attempts the account is disabled. If a Trading Partner has six consecutive unsuccessful login attempts (in two consecutive sessions) to the IRS Front-end Processing System, their account will be temporarily disabled. The Trading Partner can continue to attempt to login to the system and will continue to be disconnected after every three unsuccessful login attempts, but, if the Trading Partner supplies the correct ETIN and password, the system will display the message, "This account is currently disabled". If this happens, the Trading Partner should contact the Home Submission Processing Center (SPC) EMS Help Desk. They will document the problem and refer it to a computer specialist.

f. Successful Logon

It should be noted that a TP's initial compression method will be "NONE". To override the default, the TP must select a compression method (which is discussed later in this section). The FEPS does not auto-sense compressed files. Acknowledgment files will then be compressed and sent to the TP using the TP's selected compression method. The TP is also expected to submit file(s) compressed in the same manner.

At any prompt, if trading partner does not respond in **60** seconds, the following actions will be taken:
- display "DISCONNECTING FROM EFS."
- disconnect the TP.

```
MAIN MENU

1) Logoff
2) Receive/Send File(s)
3) Change File Transfer Protocol [ZMODEM]
4) Change Compression Method [NONE]

Enter your choice:
```

Figure 6**. Initial Main Menu Display.**

From the Main Menu, the TP can end the session by choosing “Logoff”, receive/transmit a file by choosing “Receive/Send File(s)”, change the file transfer protocol by choosing “Change File Transfer Protocol”, or change the compression method by choosing “Change Compression Method”.

SECTION 4 DATA COMMUNICATIONS CONTINUED

g. Changing File Transfer Protocol

When the TP chooses “Change File Transfer Protocol”, the menu shown in **Figure 7** will be displayed. Brackets will frame the TP’s current file transfer protocol. Before a TP can use the FTP protocol, **TP** must provide certain configuration information to the IRS. If this information does not exist in the **FEPS** database, then “FTP” will not be displayed to the TP as one of the available protocols.

See Section 4.01 introductory information for the IRS person to contact regarding use of the FTP protocol.

```
        FILE TRANSFER PROTOCOLS MENU

    1) Return to MAIN MENU
    2) [ZMODEM]
    3) XMODEM-1K
    4) XMODEM CRC
    5) XMODEM CHKSM
    6) YMODEM BATCH
    7) YMODEM G
    8) KERMIT
    9) FTP

  Enter your choice:
```

Figure 7**. Initial File Transfer Protocol Menu Display.**

The TP can change the protocol or return to the Main Menu. If the TP selects a protocol, the Main Menu will be redisplayed with the selected protocol in brackets as shown in **Figure 10**. This protocol setting will be saved in the **FEPS** database and will be used for all future incoming/outgoing file transfers unless the TP changes the protocol again.

Any character other than one of the menu number choices is considered invalid (as shown in Figure 8).

SECTION 4 DATA COMMUNICATIONS CONTINUED

```
        FILE TRANSFER PROTOCOLS MENU

        1) Return to MAIN MENU
        2) [ZMODEM]
        3) XMODEM-1K
        4) XMODEM CRC
        5) XMODEM CHKSM
        6) YMODEM BATCH
        7) YMODEM G
        8) KERMIT
        9) FTP

  Enter your choice:  0 (or any other invalid character)
```

Figure 8**. Invalid File Transfer Protocol Menu Selection.**

If the TP enters an invalid character, an invalid menu selection message along with the File Transfer Protocols Menu will be displayed as shown in **Figure 9**. If the TP fails to

make a valid selection in three attempts, the TP will be disconnected.

```
Invalid menu selection.  Try again.

      FILE TRANSFER PROTOCOLS MENU

      1) Return to MAIN MENU
      2) [ZMODEM]
      3) XMODEM-1K
      4) XMODEM CRC
      5) XMODEM CHKSM
      6) YMODEM BATCH
      7) YMODEM G
      8) KERMIT
      9) FTP

Enter your choice:  9
```

Figure 9. **Invalid File Transfer Protocol Menu Selection Error Message.**

After the TP chooses a valid option from the File Transfer Protocols Menu or chooses "Return to MAIN MENU", the Main Menu is redisplayed.

SECTION 4 DATA COMMUNICATIONS CONTINUED

```
      MAIN MENU

     1) Logoff
     2) Receive/Send File(s)
     3) Change File Transfer Protocol [FTP]
     4) Change Compression Method [NONE]

Enter your choice:  4
```

Figure 10**. Redisplay of Main Menu after Protocol Change.**

The TP can now end the session by choosing "Logoff", receive/transmit a file by choosing "Receive/Send File(s)", change the file transfer protocol by choosing "Change File Transfer Protocol", or change the compression method by choosing "Change Compression Method".

h. Change Compression Method

The following discussion assumes the TP chooses “Change Compression Method.” The File Compression Methods Menu will be displayed as shown in **Figure 11**. Brackets will frame the current compression method. The two supported compression methods are **GZIP** (a freeware program available at www.gzip.org) and **COMPRESS** (a Unix compression utility).

```
FILE COMPRESSION METHODS MENU

1) Return to MAIN MENU
2) [None]
3) GZIP
4) COMPRESS

Enter your choice:
```

Figure 11**. Initial File Compression Methods Menu Display.**

If the TP chooses a compression method, the Main Menu will be redisplayed with the selected method framed by brackets as shown in **Figure 14**. This compression method setting will be saved in the FEPS database and will be used for all future incoming/outgoing file transfers unless the TP changes the compression method again. The TP’s initial setting will be “None”. Before using compression, the TP must select a method from File Compression Methods Menu.

SECTION 4 DATA COMMUNICATIONS CONTINUED

```
FILE COMPRESSION METHODS MENU

1) Return to MAIN MENU
2) [None]
3) GZIP
4) COMPRESS

Enter your choice:  5
```

Figure 12**. Invalid File Compression Menu Selection.**

If the TP enters a character other than one of the menu number choices (as shown in Figure 12**), an invalid menu selection message along with the File Compression Methods Menu will be displayed as shown in** Figure 13**. If the TP fails to make a valid selection in three attempts, the TP will be disconnected.**

```
Invalid menu selection.  Try again.

FILE COMPRESSION METHODS MENU

1) Return to MAIN MENU
2) [None]
3) GZIP
4) COMPRESS

Enter your choice:  3
```

Figure 13**. Invalid File Compression Methods Menu Selection Response.**

If the TP chooses to return to the Main Menu, the Main Menu will be displayed again as shown in **Figure 14**. The TP can now choose to end **the** session, transmit another file, or change protocol and/or compression settings.

```
MAIN MENU

1) Logoff
2) Receive/Send File(s)
3) Change File Transfer Protocol [FTP]
4) Change Compression Method [GZIP]

Enter your choice:  2
```

Figure 14**. Main Menu Display After Change Compression Method Menu.**

SECTION 4 DATA COMMUNICATIONS CONTINUED

i. Receive/Send Files

When the TP choose, the “Receive/Send File(s)” menu item, the FEPS TP interface software will check to see if there are acknowledgment files to be sent to the TP. **Beginning in 2002, no Dummy Acknowledgment Files will be sent.** If there are no acknowledgment files, the message in **Figure 15** will be displayed followed by the “send” prompt shown in **Figure 22**. This will allow TPs to submit files even if there are no acknowledgment files awaiting TP receipt.

```
Number of Acknowledgment File(s) in outbound mailbox: 000
```

Figure 15**. Zero Acknowledgment File Display.**

If there are acknowledgment files, the messages shown in **Figure 16** will be displayed. The message will show the number of acknowledgment files in the outbound mailbox waiting to be picked up by the TP. The FEPS TP interface will send at most 50 acknowledgment files at a time. If there are more than 50 acknowledgments in the outbound mailbox the TP may choose item 2 from the Main Menu again to receive additional acknowledgments. The count of files in the outbound mailbox is recalculated every time the TP selects "Receive/Send File(s)".

(1) Receive Acknowledgment Files

```
Number of Acknowledgment File(s) in outbound mailbox: 003

Are you ready to receive files? Y/[N]: Y or y
```

Figure 16**. One or More Acknowledgment Files Display.**

If the TP enters anything other than "Y" or "y", the Main Menu (Figure 29) will be redisplayed. If the TP fails to respond affirmatively three consecutive times, FEPS will be disconnected rather than returned to the Main Menu.

The TP cannot send files until after receipt of acknowledgment files. If there are more than 50 acknowledgment files, the TP can send a file after receiving 50 acknowledgment files.

SECTION 4 DATA COMMUNICATIONS CONTINUED

If the TP responds to the prompt affirmatively, a message notifying the TP that the file transfer is about to begin will be displayed. The message depends on the protocol being used. For Zmodem, any mode of Xmodem or any mode of Ymodem, the message in **Figure 17** will be displayed. For FTP, the message shown in **Figure 18** will be displayed. If the TP is using the Kermit file transfer protocol, the FEPS will send the notice shown in **Figure 19**. The file transfer will begin after the appropriate notice.

```
EFS ready for modem download.
```

Figure 17**. Modem Download Notice for Zmodem, Xmodem, Ymodem Protocols.**

```
Putting File(s) by FTP.
```

Figure 18. **"Putting Files" Notice for FTP Protocol.**

```
Put your Kermit program in server mode now.
```

Figure 19. **Kermit Server Mode Notice.**

If the TP is using Kermit, Ymodem Batch or Zmodem as the file transfer protocol, the FEPS will send up to 50 acknowledgment files as separate files. If the TP is also using compression, each file will be separately compressed. See **Figure 33** for a description of acknowledgment file names. **See Section 4.02 for more information on receiving Acknowledgment Files.**

If the TP interface software detects that the transmission of Acknowledgment Files did not complete successfully, the message in **Figure 20** will be displayed followed by the Main Menu (**Figure 29**). If this happens three times in a row, the TP will be disconnected.

SECTION 4 DATA COMMUNICATIONS CONTINUED

```
Error transmitting Acknowledgment File(s).
```

Figure 20. **Acknowledgment File Transmission Error Message.**

If the TP interface software does not detect an error, the message shown in **Figure 21** will be displayed.

```
Acknowledgment File(s) transmission complete.
```

Figure 21. **Acknowledgment File Transmission Complete Message.**

(2) Send File(s)

Next the FEPS will be asked if the TP wants to send a file as shown in Figure 22**.**

```
Do you want to send a file? Y/[N]: Y or y
```

Figure 22**. Send File Prompt.**

If the TP enters anything other than “Y” or “y”, the Main Menu (Figure 29) will be redisplayed. If there are no acknowledgment files for the TP to receive and the TP fails to respond affirmatively three times in a row, the TP will be disconnected.

Otherwise, the next prompt depends on the file transfer protocol being used. If the TP is using Zmodem, any mode of Ymodem, or any mode of Xmodem; the FEPS **will be prompted to start the file transfer as shown in** Figure 23**.**

```
Enter an upload command to your modem program now.
```

Figure 23**. Modem Upload Prompt for Zmodem, Xmodem, Ymodem Protocols.**

If the TP is using the FTP protocol, the FEPS will prompt the TP to supply a file name as shown in **Figure 24**. After supplying the file name the TP will be notified that the FTP transfer is beginning. This notice is also shown in **Figure 24**.

SECTION 4 DATA COMMUNICATIONS CONTINUED

```
Enter the LOCAL name of the file you
       are sending from your system: myfile

       Getting file by FTP.
```

Figure 24**. FTP File Name Prompt.**

If the TP is using the Kermit protocol, the FEPS will prompt the TP to supply a file name as shown in **Figure 25**. After supplying the file name the TP will be notified to put the Kermit program in server mode. This notice is also shown in **Figure 25**.

```
Enter the LOCAL name of the file you
are sending from your system: myfile

Put your Kermit program in server mode now.
```

Figure 25. **Kermit File Name and Server Mode Prompt.**

If the TP responds to the filename prompts in **Figure 24** or **Figure 25** with only a carriage return (<CR>), then the notice shown in **Figure 26** is displayed. **If the TP responds with only a <CR> three times in a row, the TP will be disconnected.**

```
Invalid file name.

Enter the LOCAL name of the file you
are sending from your system: <CR>
```

Figure 26. **Invalid File Name Message.**

Once the TP has been notified that the file transfer is beginning (**Figure 23**, **Figure 24** or **Figure 25**), the TP has 60 seconds to begin the file transfer. **If the FEPS does not receive at least part of the TP's file within 60 seconds, the TP will be disconnected.**

If the TP interface software does not detect an error, the transmission confirmation message shown in **Figure 27** will be displayed followed by the Main Menu (**Figure 29**). If the TP hangs up without receiving the confirmation message, the file may be discarded and a Communications Error Acknowledgment File may be generated.

SECTION 4 DATA COMMUNICATIONS CONTINUED

The transmission confirmation message contains the Global Transaction Key (GTX Key) and the **Acknowledgment Reference File Name**. The GTX Key is the unique identifier assigned by the FEPS to the file sent by the TP, and is used to track the processing of the file and its subsequent acknowledgment. The **Acknowledgment Reference File Name** is used when constructing the name of the acknowledgment file delivered to the TP. (See **Section 4.01.8** for a description of the GTX Key and its relationship to the **Acknowledgment Reference File Name**.)

```
Transmission file has been received with the following GTX Key:

Z20011020123423.1700                    10200001
```

Figure 27**. Transmission Confirmation Message Display.**

If the TP interface software detects that the transmission did not complete successfully, the message in Figure 28 **will be displayed followed by the Main Menu (**Figure 29**).** If this happens three consecutive times, the TP will be disconnected.

```
Error receiving file.  You must send it again.
```

Figure 28**. Transmission Receipt Error Message.**

The Main Menu is redisplayed as shown in **Figure 29**. The TP can now end the session by choosing "Logoff", receive/transmit a file by choosing "Receive/Send File(s)", change the file transfer protocol by choosing "Change File Transfer Protocol", or change the compression method by choosing "Change Compression Method".

Another batch of returns or ETDs can be transmitted.

```
MAIN MENU

1) Logoff
2) Receive/Send File(s)
3) Change File Transfer Protocol [ZMODEM]
4) Change Compression Method [NONE]

Enter your choice:  8 (or any other invalid character)
```

Figure 29**. Redisplay of Main Menu.**

SECTION 4 DATA COMMUNICATIONS CONTINUED

If the TP enters a character that is not one of the listed number choices, an invalid menu selection message along with the Main Menu will be displayed as shown in Figure 30**.** If the TP fails to make a valid selection in three attempts, the TP will be disconnected.

```
Invalid menu selection.  Try again.

      MAIN MENU

      1) Logoff
      2) Receive/Send File(s)
      3) Change File Transfer Protocol [FTP]
      4) Change Compression Method [GZIP]

Enter your choice:  1
```

Figure 30**. Invalid Main Menu Selection.**

j. Logoff

If the TP chooses to logoff, the FEPS will perform any necessary clean up activities, record statistical information in the FEPS database, and then display the message shown in **Figure 31**. **The TP should not hang up before receiving the disconnect message. If the TP does hang up prematurely, the FEPS may not complete its cleanup activities. This could result in the TP receiving acknowledgment files again in the next login session or in having submission file discarded.**

```
DISCONNECTING FROM EFS.
```

Figure 31**. End of TP Session Message.**

k. Example of Logon, Receive, Send, Logoff

Figure 32 illustrates a complete TP session including login, receipt of acknowledgment files, transmission of a tax return file, and session termination.

```
*************************************WARNING*************************************

   Unauthorized access is prohibited by Public Law 99-474
          "The Computer Fraud and Abuse Act of 1986"

This is a United States Government system.  It is intended for the
communication transmission, processing, and storage of official and other
authorized information only.

     USE OF THIS SYSTEM CONSTITUTES CONSENT TO MONITORING AT ALL
     TIMES AND IS NOT SUBJECT TO ANY EXPECTATION OF PRIVACY.

AUTHORIZED USE ONLY!  ACCESS TO THIS US GOVERNMENT SYSTEM CONSTITUTES
CONSENT TO MONITORING FOR LAW ENFORCEMENT AND OTHER PURPOSES.



Login: 00000
Password: password
Last login: Sun Aug 13 10:58:58 from computername

       -------------------------------------------------------
             F O R   O F F I C I A L   U S E   O N L Y

                        #    #####    ####
                        #    #    #  #
                        #    #    #   ####
                        #    #####        #
                        #    #   #   #    #
                        #    #    #   ####

                     U.S. Government computer

             F O R   O F F I C I A L   U S E   O N L Y
       -------------------------------------------------------

              MAIN MENU

              1) Logoff
              2) Receive/Send File(s)
              3) Change File Transfer Protocol [ZMODEM]
              4) Change Compression Method [NONE]

         Enter your choice:  2
```

Figure 32. **TP Session to Pick Up Acknowledgments and Transmit a Tax Return File.**

```
Number of Acknowledgment File(s) in outbound mailbox: 003

Are you ready to receive files? Y/[N]: Y

EFS ready for modem download.

Acknowledgment File(s) transmission complete.

Do you want to send a file? Y/[N]: Y

Enter an upload command to your modem program now.

Transmission file has been received with the following GTX Key:

Z20011020123423.1700                    10200001

      MAIN MENU

       1) Logoff
       2) Receive/Send File(s)
       3) Change File Transfer Protocol [ZMODEM]
       4) Change Compression Method [NONE]

 Enter your choice:  1

 DISCONNECTING FROM EFS.
```

Figure 32 **(cont). TP Session to Pick Up Acknowledgments and Transmit a Tax Return File.**

9. Global Transaction (GTX) Key Format

a. Global Transaction (GTX) Key example: SYYYYMMDDhhmmss.xxxx.

S	=Processing Site Identifier
YYYY	=Year, Year, Year, Year
MM	= Month, Month
DD	= Day, Day
HH	= Hour, Hour
mm	= minute, minute
ss	= second, second
xxxx	= milliseconds

b. The Global Transaction (GTX) key is the file name on the UNIX FEPS machines and can also be used by the Help Desk Staff to research the status of a transmission. The Acknowledgment Reference File Name is MMDDnnnn followed by an extension as below.

10. Acknowledgment File Name Formats

The format of the reference name is MMDDnnnn where MM month and DD day match the GTX Key. The nnnn number is a 4-digit sequence number generated by the **FEPS**. The reference name is used to generate the acknowledgment file name.

The **FEPS** acknowledgment files will be named as described in **Figure 33**.

Form and Format	ACK Ref. File Name (Note 1)	ACK Ref. File Name w/ GZIP (Note 2)	ACK Ref. File Name w/ COMPRESS (Note 3)
1041/1065/1040/ETD – Proprietary (TRANA/TRANB/RECAP)			
FEPS Error Acknowledgment	MMDDnnnn.NAK	MMDDnnnn.GZ	MMDDnnnn.Z
Unisys Acknowledgment	MMDDnnnn.ACK	MMDDnnnn.GZ	MMDDnnnn.Z

Figure 33 **ACK File Names**

Note 1: MM = month
DD = day
nnnn = 4 digit sequence number

MMDD is taken from the GTX Key nnnn is a 4-digit sequence number generated by the FEPS at the time the TP submitted the file.

Note 2: GZIP will preserve the uncompressed ACK file name (e.g., MMDDnnnn.ACK) in its archive.

Note 3: Compress does not preserve the uncompressed ACK file name.

If a transmitter submits a file that is given the GTX Key "Z20011020154710.0800", the first four digits of the reference name would be "1020". The next four digits would be a sequence number generated by the FEPS, e.g., "0001". The Acknowledgment Reference File Name, derived from the date and the Trading Partner DataBase, would then be "10200001". An FEPS Communications Error Acknowledgment File would be named "10200001.NAK". An Acknowledgment File from the Unisys system would be named "10200001.ACK". If the Acknowledgment File were compressed with GZIP, it would be named "10200001.GZ". If the Acknowledgment File is compressed with Unix COMPRESS, it would be named "10200001.Z".

Figure 33 **(cont.). File Names for Concatenated Acknowledgment Files (1041/1065/1040/ETD Only)**

Note 4: The Acknowledgment File names shown in these figures use upper case letters. These are the names as they appear on the IRS system. Some file transfer protocols and/or some operating systems may translate the names into lower case.

.02 Receiving the Acknowledgment File

1. The Acknowledgment File identifies which returns have been accepted, rejected, or identified as duplicates.

2. Each file of electronic returns transmitted to the Service will normally be acknowledged within two workdays of receipt.

3. If the Acknowledgment File is not received within two workdays, or if acknowledgments are received for returns that were not transmitted on the designated transmission, immediately contact the Electronic Filing Unit Help Desk at the appropriate service center for assistance.

4. The transmitter should match the Acknowledgment File back to the original file transmitted by using the IRS-assigned file name, either the 20 character GTX key or the Acknowledgment Reference File Name**.** The Acknowledgment Reference File Name is a combination of "MMDD" and a 4-digit sequence number plus ACK or NAK file extension.

Note: "MM" represents month and "DD" represents day of the transmission. The 4-digit sequence number is stored in the Transmitters Profile DataBase and is incremented each time a transmission file is received by the FEPS.

Any electronically transmitted return that is not acknowledged by the Service has NOT been accepted for processing, and must be resubmitted and acknowledged as accepted before it is considered a filed return.

5. When a transmission has been rejected after three attempts, contact the appropriate service center's Electronic Filing Unit Help Desk for assistance.

6. **NOTE:** There is no concatenation for 1041.

7. NOTE: If using ZMODEM, **up to 50** Acknowledgment Files are sent separately within the transmission, with "zfile" and "eof" in between each file, with a "zfin" at the end of all files. The IRS system will supply the GTX key and Acknowledgment Reference File Name (MMDDnnnn) to the transmitter at the end of the transmission confirmation message as shown below.

   Transmission file has been received with the following GTX Key:

   Z20011020123423.1700 10200022

   In this example the GTX key is the 20 character date time stamp and the Acknowledgment Reference File Name is to the right of it. The GTX key uses the following format:

   SYYYYMMDDhhnnss.xxxx

   S = System ID
   YYYY = year
   MM = month
   DD = Day
   hh = hour
   mm = minute
   ss = second
   xxxx = milliseconds

8. For the Acknowledgment Reference name, 1020022 represents 10th month, 20th day transmission sequence number 22 for the Trading Partner.

9. For Communication Error Messages, see Section 1.04 on Communications Error Messages.

10. For information on how to read the Acknowledgement File, see Publication 1438.

11. For information on how to batch return transmission files and match them with ACK files, see Publication 1438.

.03 Transmitting Returns

1. All transmissions-related records are validated separately prior to validation of forms and schedules. **If there are errors with the transmission, the FEPS will reject the file and return a Communication Error** ACK. Any file in the TP mailbox must also be picked up by the TP before additional transmissions can be sent.

2. Immediately after receiving the ACK File(s), **if there are any,** the transmitter may transmit the required records in the following sequence:

   a. Transmitter records: TRANA and TRANB. These records identify the transmitter.

   b. Tax Return or Electronic Tax Documents (ETDs) records: See Part II Record Layouts for exact identifications for the return (RET), schedules (SCH), forms (FRM), statements (STM), state records (ST), and summary record (SUM).

   c. RECAP record: The RECAP summarizes the transmission and is similar to the "trailer" of a file.

   After completing a transmission, the TP may select Receive/Send from the main menu to send another transmission.

   NOTE: BEGINNING IN 2001, TRANSMISSIONS ARE NOT VALIDATED DURING RECEIPT OF THE FILE. ONLY AFTER THE "Transmission has been received with the following GTX Key:", WILL THE ENTIRE TRANSMISSION BE VALIDATED. WHEN THE FIRST TRANSMISSION ERROR IS ENCOUNTERED, THE FEPS WILL DISCONTINUE VALIDATION AND GENERATE THE APPROPRIATE ERROR MESSAGE IN A COMMUNICATION ERROR ACKNOWLEDGEMENT FILE. IT IS RECOMMENDED THAT THE TRANSMITTER RE-VALIDATE THE ENTIRE FILE BEFORE RE-TRANSMITTING CORRECTIONS TO ALLEVIATE SUBSEQUENT COMMUNCATION ERRORS, WHICH WILL GENERATE ADDITIONAL COMMUNICATION ERROR ACKNOWLEDGEMENT FILE(S).

3. See section 4.04 Communication Error Message for a list of all Data Communication Validation and Error Messages.

.04 Communication Error Messages

Below are the Communications Error Messages that will be transmitted from the Electronic Management System (Front–End Processing Subsystem (FEPS) in the Communications Error Acknowledgment File, upon detection of a transmission validation error.

1. **"NO TRANA RECORD RECEIVED"** If the first record byte count and end of record (#) do not agree, record sentinel **** is not present, “TRANA “ is not in columns 9-14, byte count is >120 characters or is not numeric, or CR or LF imbedded within the record, FEPS will reject the transmission.

2. **"NO TRANB RECORD RECEIVED"** If the second record byte count and end of record (#) do not agree, record sentinel **** is not present, “TRANB “ is not in columns 9-14, Byte count is >120 characters or is not numeric, or CR or LF imbedded within the record, FEPS will reject the transmission.

3. **"NO RECAP RECORD RECEIVED; POSSIBLY DUE TO A LINE PROBLEM"** If the last record byte count and end of record (#) do not agree, record sentinel **** is not present, “RECAP” is not in columns 9-14, Byte count is >120 characters or is not numeric, or CR or LF imbedded within the record, FEPS will reject the transmission.

4. **"LOGON ETIN AND ETIN IN THE TRANA RECORD WERE DIFFERENT"** If the ETIN in columns 84-88 of the TRANA record does not match the login ETIN, FEPS will reject the transmission.

5. **"INVALID PROCESSING SITE DESIGNATOR. A=CINCINNATI, B=OGDEN, C=ANDOVER, D=MEMPHIS, E=AUSTIN”** For 1041 transmissions, if the letter code for Site Designator in column 75 of the TRANA record is not equal to **“B”** (Ogden Service Center), the FEPS will reject the transmission.

6. **“INVALID TRANA: WRONG LENGTH OR EMBEDDED #”** If the byte count of the first record is less than 120 and the end of record # agrees with the byte count, FEPS will reject the transmission.

7. **“INVALID TRANB: WRONG LENGTH OR EMBEDDED #"** If the byte count of the second record is less than 120 and the end of record # agrees with the byte count, FEPS will reject the transmission.

8. **"INVALID RECAP: WRONG LENGTH OR EMBEDDED #"** If the byte count of the last record is **not equal to** 120 and the end of record # agrees with the byte count, FEPS will reject the transmission.

9. **"MULTIPLE TRANA/TRANB RECORDS DETECTED"** If Multiple TRANA or TRANB or RECAP records are found within a file, the EEC will reject the transmission.

10. **"INVALID PRODUCTION-TEST CODE - P = PRODUCTION, T = TEST"** If the test/production indicator in column 117 of the TRANA record does not equal 'T' or 'P', FEPS will reject the transmission.

11. **"PRODUCTION-TEST CODE IN TRANA RECORD DOES NOT MATCH ROFILE"** If the Production-Test indicator in column 117 of the TRANA record does not match the production/test mode in the Trading Partner profile, FEPS will reject the transmission.

12. **"INVALID TRANSMISSION TYPE CODE"** If the Trading Partner's transmission type code specified in column 118 of the TRANA record is not a valid, FEPS will reject the transmission. (TRANA field TRANSMISSION TYPE CODE must be equal to **"F"** for Fiduciary Return.)

13. **"INVALID TOTAL RETURN COUNT IN RECAP RECORD"** If the number of tax returns counted does not match the Total Return Count in columns 29-34 of the RECAP record, the FEPS shall reject the entire transmission and generate this Error ACK message.

14. **"INVALID JULIAN DAY IN THE TRANA RECORD"** If the Julian day in columns 91-93 of the TRANA record is more than two days prior to the actual receipt Julian day or more than one day after the actual receipt Julian day, FEPS will reject the transmission.

15. "**EIN IN TRANA DOES MOT MATCH EIN PROFILE"** If the EIN in columns 15-23 of the TRANA record does not match the EIN of the Trading Partner sending the transmission, FEPS will reject the transmission.

16. **"EIN IN TRANB DOES NOT MATCH EIN IN TRANA"** If the EIN in columns 15-23 of the TRANB record does not match the EIN of the TRANA record, FEPS will reject the transmission.

17. **"INVALID PROCESSING YEAR CODE"** For 1041 transmissions, if the processing year code in column 110 of the TRANA record is not equal to "P" for prior year or "C" for current year, FEPS will reject the transmission.

18. **"INVALID TAX RETURN FORMAT BEGINNING AT RECORD n"** is an **new** Error ACK message that will be generated after the first occurrence of a validation error. For IRS Proprietary format return transmissions, FEPS will validate that every return envelope begins with a tax return record (valid Record ID, Return type and Page number fields) and ends with a summary record. In addition, the tax return record must contain a numeric TIN that matches the TIN in the summary record. If an error is encountered in this return envelope, FEPS will reject the entire transmission and return the new Error ACK. No further validation will take place after this first error is encountered.

19. **"NO RETURNS WITHIN THE TRANSMISSION" i**s a **new 2002** Error ACK message. If there are no returns within a transmission, FEPS shall reject the entire transmission.

20. **"INVALID RECORD FORMAT IN RECORD NUMBER XXX"** is a **new** Error ACK message. To ensure that the number of bytes validated by the FEPS is the number of bytes that the Trading Partner intended to include in the record, FEPS shall validate that each record begins with a 4 digit byte count followed by the 4 asterisk record sentinel and the last character is a # in the corresponding position of the byte count. If these fields are not present, FEPS shall reject the entire transmission and generate an error acknowledgment file with the new Error ACK message.

21. **"TRANSMITTER NOT VALID FOR TRANSMISSION TYPE"** is a **new 2002** Error ACK message. If the Trading Partner's profile does not allow the transmission type specified in column 118 of the TRANA record, FEPS will reject the transmission.

22. **"ADDITIONAL TAX DATA AFTER RECAP"** is a **new 2002** Error ACK message. If tax data exists after the RECAP record, the FEPS will reject the transmission.

23. "**SESSION ABNORMALLY TERMINATED; WAIT FOR IRS TO DISCONNECT".** is a **new** Error ACK message. If EEC detects that the Trading Partner has disconnected during transmission or after submitting a transmission, but before the GTX key is displayed, this message will be generated. The submitted transmission will be deleted from the Trading Partner's mailbox and will not be processed.

.05 Problem Transmissions

1. If the transmitter disconnects during a transmission, or if the FEPS detected a transmission format error, the FEPS will send a Communications Error Acknowledgment (ACK) File, which indicates why the transmission was not processed.

2. The Communications Error ACK File will be sent if there is an aborted transmission, whether or not other acknowledgment records are ready to be picked up. A Communications Error ACK File will NOT be sent if the transmitter only picks up acknowledgment files, and then selects logoff to disconnect the line.

3. Unless using Zmodem, Dial-up Transmitters should not transmit more than 500 electronic returns per transmission because if disconnected, the long distance charges could be costly. If the transmitter is not using a data compression protocol or file compression, fixed format data will take a longer amount of time to transmit than variable format data. If more than 500 returns are ready to be transmitted via dial-up, they must be sent in subsequent transmissions.

   NOTE: If using ZMODEM with Checkpoint/Restart, a Dial-up filer may file up to 10,000 returns per transmission.

   If a transmitter is using one of the high-speed transfer protocols, up to 10,000 returns may be filed per transmission.

4. The FEPS does support ZMODEM Checkpoint/Restart. To utilize this feature, the transmitter's communication package's ZMODEM setting for "Crash Recovery" should be set to "ON". If a transmission is aborted, the FEPS stores the partially transmitted file under the file name used by the transmitter in the ZMODEM protocol. If the next time the transmitter logs on and attempts to send the same previously named file, after receiving ACK Files, the FEPS will resume receiving the rest of the file. However, if on the next session, the transmitter attempts to send a new file, the previous partially received file will not be processed. In such a case, the transmitter will have to retransmit the whole file. For any other protocol, aborted transmissions must be restarted from the beginning since there are no checkpoint/restart capabilities.

SECTION 4 DATA COMMUNICATIONS CONTINUED

5. Layout of Communications Error Acknowledgment File

   a. Each Communication Error Acknowledgment File will have a sequence number assigned and the file will be sent to the transmitter in the order of the error.

      Example: A transmitter's first transmission was successful, but the second one was aborted because of line noise. The first ACK File would be a regular one regarding acceptance/rejection of the returns within the transmission, followed by a Communications Error ACK File regarding the aborted transmission.

   b. The layout of the Communications Error Acknowledgment File is below:

0120 **** TRANA9blanksTHIS IS A COMMUNICATIONS ERROR ACKNOWLEDGMENT FILE47blanks#

(The TRANA portion of the file is a total of 72 characters followed by 47 blanks and the pound sign (#) in the 120th position.)

0120 **** TRANB TRANSMISSION MMDDnnnn ON MM/DD/YYYY, HH:MM:SS WAS UNSUCCESSFUL DUE TO THE FOLLOWING CONDITION:
(The TRANB portion of the file is followed by blanks and a pound sign (#) in the 120th position; "Month,Month,Day,Day" = MMDD; "nnnn = Transmission Sequence Number.)

0120 **** ACK
(The ACK portion of the file containing one of the above Communication Error messages appears here, followed by blanks and a pound sign (#) in the 120th position.)

0120 **** RECAP
(The RECAP portion of the file is followed by 106 blanks and the pound sign (#) in the 120th position.)

SECTION 5 TRANSMISSION FILE FORMAT

.01 General Description

1. All transmission data must be in ASCII format. No binary fields may be transmitted.

2. A transmission session will normally consist of three parts:

a. First, the communications link must be established using acceptable protocol.

b. Next, the transmitter will receive the acknowledgment transmission containing information about the previous transmission session, if an acknowledgment file exists.

c. Then, the return record transmission may commence. The return record transmission will consist of a series of logical records beginning with the Transmitter records, followed by some number of logical return records for a maximum of 10,000 returns per transmission for dial-up filers and 10,000 returns for dedicated/leased lines, and ending with a RECAP record.

CAUTION: Dial-up filers using ZMODEM with Checkpoint/Restart can file more than 500 returns per transmission with a maximum of 10,000 (Return Sequence Numbers 0000 – 9999). Dedicated leased line filers can file a maximum of 10,000 returns.

3. All return records must be in ascending order by Declaration Control Number (DCN) and Return Sequence Number (RSN).

4. Each record within a transmission must be preceded by two four-byte fields, the Record Control Information. The first four-byte field is for a record Byte Count that will contain a count of the number of bytes within the logical record including the four bytes for the counter itself, four bytes for the Start of Record Sentinel (****), and one byte for the Record Terminus Character (#). The second four-byte field will be the Start of Record Sentinel, which must be four asterisks (****).

5. Every record must have the Record Terminus Character (#) as its last significant byte. Note that provisions have been made to allow for non-significant padding to exist following the Record Terminus Character, i.e., **CR or LF** may be added after the Record Terminus Character to fill up a physical block size. This is permitted to accommodate all the different computer systems being used to transmit data.

6. The first records on a transmitted file, the TRANA and TRANB Records, contain information regarding the transmitter and file format. These records should be followed by the records comprising the tax returns being transmitted.

7. The end of the logical transmission is signaled by the literal "RECAP". It is followed by the RECAP Record data and the Record Terminus Character (#).

8. The TRANA, TRANB and RECAP records are fixed-length records of 120 bytes each. Any non-significant field should be blank-filled.

9. A tax return will consist of a variable number of fixed length or variable length records. The size and format of the logical record for each page of each schedule, form, etc., are specified in Part II Record Layouts.

10. Each logical record should contain all data fields pertaining to one printed page of an official schedule, form, or line of a Statement Record. Therefore, the logical record contains an entire schedule or form, or a logical part (i.e., PG01 or PG02) of a schedule or form, or line of a Statement Record.

11. Each complete tax return must consist of all logical records pertaining to it in the following sequence:
    Form 1041 Page 1 – 4;
    Schedules in alphabetical order or in Attachment Sequence Number order as preprinted on the official IRS form;
    Forms in numerical order or in Attachment Sequence Number order as preprinted on the official IRS form;
    Statement Records;
    Summary Record.

12. Schedule, Form, and Statement Records can contain additional sequential Page Records if the record consists of more than one printed page. (Pages are only numbered within a schedule, form, or statement record, not across the return.) All records must appear in the order above with the proper control information. The counts of the schedules and forms must match the counts in the Summary Record or the return will be rejected.

13. The file should be unlabeled (no standard header or trailer records).

14. Each file must contain only complete returns.

15. The page should not be generated if there are no entries on a page record of a schedule or form. A blank page (Record ID Group only) will cause the return to be rejected, except in cases where multiple forms require that one page be present when the other page is present.

SECTION 5 TRANSMISSION FILE FORMAT, Continued

.02 Fixed and Variable Length Options

There are two options available for transmitting logical tax return records: fixed length (fixed format) and variable length (variable format). (The Transmitter Records TRANA, TRANB, and RECAP Record are not tax return records.)

1. Fixed Length Option (Fixed Format)

The fixed length option requires the complete tax return to be transmitted exactly as defined in Part II Record Layouts. All fields must be present. If a field contains no data, it must be blank-filled or zero-filled. The fixed length option is indicated by an "F" in the Record Type (SEQ 100) of the TRANS Record A (TRANA).

When the fixed length option is used, the following data field conventions must be followed:

a. Alphanumeric Fields - Fixed Format

(1) Left-justify the field with trailing blanks.

(2) When a "literal" is included in the field description, enter the literal value exactly as specified in Part II Record Layouts, left-justified. Trailing blanks must be entered.

NOTE: The trailing blanks are not shown in the Record Layouts.

b. Numeric Fields - Fixed Format

(1) Unsigned numeric fields: Right-justify with leading zeros.

(2) Signed numeric fields (money amounts): Right-justify with leading zeros, reserving the right-most position for the sign. A blank ( ) indicates a gain and a minus sign (-) indicates a loss.

(3) Signed numeric fields that can also contain literal values:
Enter signed numeric fields as described above. When entering a literal value, left-justify and blank-fill the field. It is not necessary to enter trailing blanks.

2. Variable Length Option (Variable Format)

The variable length option provides for the transmission of only control information, including the record ID group, significant data fields, and significant data within individual fields. The variable length option is indicated by a "V" in the Record Type (SEQ 100) of the TRANS Record A (TRANA).

When the variable length option is used, the following data field conventions must be followed:

a. Alphanumeric Fields - Variable Format

(1) Left-justify data in the field. Do not enter leading blanks. Trailing blanks are dropped.

(2) When a "literal" is included in the field description, enter the literal value exactly as specified in Part II Record Layouts, left-justified. Only the value of the literal (including embedded blanks) must be entered. Trailing blanks are dropped.

b. Numeric Fields - Variable Format

(1) Unsigned numeric fields: In most cases, leading zeros may be dropped.

Leading zeros cannot be dropped from the following:
Date fields, Ratio (percentage) fields, Business Code field of Schedules C/C-EZ, and Agricultural Activity Code field of Schedule F. The leading zero cannot be dropped from the two-digit value of the “Type of Use” fields of Form 4136.

(2) Signed numeric fields (money amounts): Leading zeros are dropped. For a positive value, the trailing blank that indicates a gain is dropped. For a negative value in a field that can contain either a gain or a loss, the minus sign (-) must be entered in the last position of the signed numeric field.

(3) Signed numeric fields that can also contain literal values: Enter signed numeric fields as described above. When entering a literal value, left-justify the field; it is not necessary to enter trailing blanks.

c. Tax Form, Schedule, and Form Records - Variable Format

When transmitting in variable format, each Tax Form (Form 1041), Schedule, and Form Record will begin with the Record Control Information (Byte Count and Start of Record Sentinel fields) in the same fixed format shown in the record layouts. This is followed by the Record ID Group**.** Following the Record ID Group are the data fields. Each data field is preceded by the applicable Field Sequence Number, which is enclosed by square bracket field delimiters, “[“ and “]”. The Field Sequence Number is a 4 position number. However, it is permissible to drop the first zero when bracketing the field sequence number. A minimum of three position must be present. For example, you can use [0010] of [010] for Primary SSN of Page 1 of the Tax Return record. The Record Terminus Character (#) follows the last data field in the record.

Example:
nnnn****RECORD ID GROUP [1st field sequence number]DATA...[next field sequence number]DATA...# ("nnnn" is the record byte count)

NOTE: THE FOLLOWING THREE CHARACTERS "**[**" , "**]**", and "**#**" ARE RESERVED AS DELIMITERS AND CANNOT APPEAR AS DATA CHARACTERS. See Section 5 for information about types of characters in electronically filed returns.

d. Statement and Summary Records - Variable Format

All data fields of the Statement and Summary Records must be formatted as fixed length fields. If a field contains no data, it must be blank-filled or zero-filled, as appropriate.

When transmitting in variable format, each Statement and Summary Record will begin with the Record Control Information (Byte Count and Start of Record Sentinel fields) in the same fixed format shown in the Part II Record Layouts. This is followed by the Record ID Group, the data fields formatted as fixed length fields, and the Record Terminus Character (#).

PART – C

PROCEDURES
AND SPECIFICATIONS FOR THE
1041 MAGNETIC MEDIA FILING

IMPORTANT CHANGES YOU SHOULD KNOW FOR TAX YEAR 2002

1. The 1041 Magnetic Tape System will be discontinued effective **June 30, 2003**. It will be replaced with the EMS e-file system, which is also discussed in this part of Publication 1437.

   New applications will not be accepted.

2. Form 1041 returns will no longer be accepted on floppy diskette.

3. Magnetic Tape filing of forms 1041 no longer supports the Federal/ State Program.

4. For TY 2002, Electronic/Magnetic Media Remittance Registers will no longer be accepted for balance due returns.

5. Electronic/Magnetic Media Remittance Registers will no longer be accepted at PSPC. Payments should be made through EFTPS.

6. Paper Remittance Registers will no longer be accepted PSPC for TY 2002.

TABLE OF CONTENTS
PART - C

SECTION	TITLE	PAGE
1	**INTRODUCTION**	
	▪ Purpose	95
	▪ Revisions	95
	▪ Change Page	95
	▪ Electronic Filing Bulletin Board	95
	▪ Bulletin Board Access	95
	▪ Mailing Instructions	96
	▪ Requests for Information	96
	▪ Questions, Suggestions or Concerns	96
2	**GENERAL INFORMATION**	
	▪ Century Date	97
	▪ Methods of Filing	97
	▪ Programming	98
	▪ Effective Date	98
	▪ Processing	98
	▪ Participants	99
3	**COMPOSITION OF THE RETURN**	
	▪ Tax Return Data	99
	▪ Accepted Forms and Schedules	99
	▪ Paper Part of Return	102
4	**EXCLUSIONS**	
	▪ Types of Returns	103
5	**METHODS OF PARTICIPATION**	
	▪ Types of participants	104

TABLE OF CONTENTS
PART-C

SECTION	TITLE	PAGE
6	**APPLICATIONS, ENTITY REVIEW PROCESS, TESTING AND ACCEPTANCE PROCEDURES**	
	▪ Pre-Application	105
	▪ Form 9041, Application	106
	▪ Entity Review Process	106
	▪ Testing Requirements	107
	▪ Acceptance	**109**
7	**TRANSMISSION OF LIVE DATA: REQUIREMENTS AND RESPONSIBILITIES**	
	▪ Contingency Plan	109
	▪ Revocation	109
	▪ Integrity and Accuracy	110
	▪ Security	110
	▪ Compliance	110
	▪ Return Acceptance	110
	▪ Improperly Labeled Diskettes	110
	▪ Received Date	110
	▪ Legally Filed Return	111
	▪ Amended/Corrected Return	111
	▪ Signature	111
	▪ Consistency Tests	111
	▪ Error Correction/Resubmission	112
	▪ Software Developers	112
	▪ End of Filing Period Transmissions	113
	▪ Late Filed Returns	113
	▪ Change of Address	113
8	**ACKNOWLEDGMENT PROCESS**	
	▪ Acknowledgment Report	114
	▪ Post Transmission Problems	114

TABLE OF CONTENTS
PART - C

SECTION	TITLE	PAGE
9	**MAGNETIC MEDIA SPECIFICATIONS**	
	▪ Magnetic Tape	115
	▪ Floppy Diskettes	116
	▪ Electronic Filing Procedures	**116**
10	**FEDERAL/STATE REQUIREMENTS**	
	▪ General Description	116
11	SIGNATURE FORM PROCEDURES (FORM 8453-F)	
	▪ Purpose of Form 8453-F	117
	▪ Required Signatures	117
	▪ Fiduciary's Authorization	117
	▪ Multiple Tax Return Listing	117
	▪ Form 8453-F and Form 1041	118
	▪ Postmark Date	118
	▪ Substitute Form 8453-F	118
	▪ Rejected Data	119
	▪ Resubmissions on Paper	119
	▪ Failure to File Penalties	120

TABLE OF CONTENTS
PART - C

SECTION	TITLE	PAGE
12	**BALANCE DUE RETURNS: TAX PAYMENTS**	
	▪ Payments	120
	▪ **EFTPS**	120
	▪ Extension of Time	120
	▪ Balance Due Returns	121
	▪ Remittance Registers	121
	▪ Paper Remittance Registers	121
13	**WHERE TO SEND MAGNETIC TAPES, DISKETTES AND PAPER ATTACHMENTS**	
	▪ Packaging Instructions	121
	▪ Shipping and Packaging	122
	▪ Method of Delivery	122
	▪ Mailing Address	122
14	**DISTRIBUTION OF COPIES**	
	▪ Participant's Copy	123
	▪ Client's Copy	123
	▪ Acknowledgment Copy	123
	▪ Fiduciary's Copy	123
	▪ IRS Copies	123
15	**ADVERTISING STANDARDS**	
	▪ Restrictions	124
	▪ Endorsement	124

TABLE OF CONTENTS
PART - C

SECTION	TITLE	PAGE
16	**MONITORING**	
	▪ Requirements	124
	▪ Submissions	124
	▪ Quality	124
	▪ Suspension	125
	▪ Penalties	125
	▪ Counseling	125
17	**ADMINISTRATIVE REVIEW**	
	▪ Participation	126
	▪ Reinstatement	126
18	**VENDOR LIST**	
	▪ Requests	126
	▪ Address	**126**
19	EFFECT ON OTHER DOCUMENTS	
	▪ Revisions	127
	▪ Publication	127
20	**DISTRICT OFFICE ELECTRONIC FILING COORDINATORS**	**127**

SECTION 1 INTRODUCTION

Purpose

This publication is designed to provide the general requirements and procedures for the Magnetic Media Filing of Form 1041, U.S. Income Tax Return for Estates and Trusts. It should be used in conjunction with Publication 1438, Validation Criteria and Record Layouts for The 1041 e-file and Magnetic Media Filing, U.S. Income Tax Returns for Estates and Trusts for Tax Year 2002.

Revisions

IRS will no longer issue this publication annually. A complete publication will be revised on an as needed basis. This will help IRS reduce its printing costs.

Change Page

If any information contained in this publication changes before its revision, a change page(s) may be issued. All new information or changes will be denoted by a vertical bar "|"in the right margin. Any information that is changed, added or deleted in this publication will also be relayed via the Electronic Filing Bulletin Board.

Electronic Filing Bulletin Board

The Electronic Filing System Bulletin Board provides general and specific program information on the Electronic Filing Program. The system Bulletin Board operates seven days a week. The Bulletin Board System is unavailable at 4:00 am Eastern Time for approximately 30 - 60 minutes for maintenance.

Bulletin Board Access

Filers using an asynchronous modem (14.4 BPS or less) and communication software can access the Bulletin Board by dialing: (606)-292-0137. |

If you need assistance with accessing the Electronic Filing System Bulletin Board, you may call the Bulletin Board help line on (606)-292-5031. |

Mailing Instructions

Mail Magnetic Tapes of the following address:
Internal Revenue Service
Elf Processing Support Section DP N-144
11601 Roosevelt Blvd.
Philadelphia PA. 19154

Requests for Information

Requests for additional copies of this publication, forms, Publication 1438 and updates to the program should be addressed to the IRS Returns Operations Office address at the end of this section or the Philadelphia Submission Processing Center. You may also call 1-800-829-3676.

Requests for Information, continued

Inquiries for the Philadelphia Submission Processing Center, which processes Form 1041 magnetic media tax returns, should be addressed to:

Internal Revenue Service
Philadelphia Submission Processing Center
Attn: ELF Processing Support Section – DP N-144
11601 Roosevelt Blvd.
Philadelphia, PA 19154

For additional information or assistance you may call the ELF Processing Support Section at 215-516-7619 (not a toll free number).

Questions, Suggestions or Concerns

If you have any questions, suggestions or comments regarding this publication, or are aware of any errors (typographical, technical or usage), please let us know. Write:

Internal Revenue Service W:E:DEF:DFB
Diversified Electronic Filing Division
5000 Ellin Road, Room C4-232
Lanham, Maryland 20706

SECTION 2 GENERAL INFORMATION

Century Date

The Internal Revenue Service (IRS) processing system has changed to reflect the standard format established by the National Institute of Standards and Technology (NIST) for Century Date. The Century Date is for all electronic year dates, whether exchanged with non-IRS organizations or part of the internal IRS systems.

All electronically prepared and transmitted tax returns submitted to the IRS after January 1, 1998 must be developed following these guidelines:

- All year date formats have expanded representations from 2-digits to 4-digits, and must be contiguous (i.e. YYYYMMDD, or 20021231, YYYYMMM, or 200212 YYYMM, or 200212)
- No special characters are to be stored in any fields to represent the century (i.e. Roman Numerals).

NOTE: Refer to Publication 1438 for specific information on formatting dates.

Methods of Filing

Magnetic tape is the **only** method of transmitting Form 1041 data magnetically. All magnetic Forms 1041 must be mailed to the Philadelphia Submission Processing Center (PSPC) in Philadelphia, PA.

NOTE: The Form 1041, Schedule K-1 and related forms and schedules must be transmitted together as a complete file.

Programming

This includes selected schedules, forms or documents required by the IRS and supported by this program, in addition to supporting material, voluntarily provided by the fiduciary or the participant on paper, Schedules K-1, (Forms 1041) Beneficiary's Share of Income, Credits, Deductions, etc.

File specifications, validation criteria, reject codes and record layouts that are needed by participants are provided in:

- Publication 1437, Procedures and Specifications for The 1041 e-file Program and Magnetic Media Filing, U.S. Income Tax Return for Estates and Trusts for the Tax Year 2002.
- Publication 1438, Validation Criteria and Record Layouts for The 1041 e-file Program and Magnetic Media Filing, U.S. Income Tax Return for Estates and Trusts, for Tax Year 2002.

NOTE: These publications are updated annually.
Mag tape will not be included next tax year.

Effective Date

These procedures are effective January 1, 2003.
Filers may begin submitting magnetic tape returns January 20, 2003.
PSPC will no longer accept returns after 6/30/03.

Processing

Processing of Form 1041 returns includes the following Calendar / Fiscal Year endings:

- Fiscal year participants - Fiscal years ending January through August of the current year
- Calendar year participants - Calendar year ending December 31 of the prior year

NOTE: If the due date falls on a Saturday, Sunday or holiday, it becomes the next workday.

SECTION 2 GENERAL INFORMATION, continued

Participants

Partcipants must agree to follow all requirements and specifications in this publication and all related publications. They must also successfully complete testing to be accepted in the program.
(See Section 6 for further information regarding acceptance and testing procedures)
New applications will not be accepted.

SECTION 3 COMPOSITION OF THE RETURN

Tax Return Data

U.S. Income Tax Return for Estates and Trusts, Form 1041, for magnetic media filing consists of tax return data transmitted to the IRS using magnetic tape and of required paper documents, such as signatures, documents prepared by third parties, etc. Summarizing, the tax return must contain the same information as a comparable return filed entirely on paper.

Accepted Form and Schedules

Form 1041 data transmitted on magnetic media is limited to entries from:

Form 1041 U.S. Income Tax Return for Estates and Trusts

Schedule C (Form 1040)	Profit or Loss From Business
Schedule C-EZ (Form 1040)	Net Profit From Business
Schedule D (Form 1041)	Capital Gains and Losses
Schedule E (Form 1040)	Supplemental Income and Loss
Schedule F Form 1040)	Profit or Loss From Farming

Schedule H (Form 1040)	Household Employment Taxes
Schedule J (Form 1041)	Accumulation Distribution for a Complex Trust
Schedule K-1 (Form 1041)	Beneficiary's Share of Income, Deductions, Credits, Etc.

Accepted Forms and Schedules, Continued

Form 1116	Foreign Tax Credit
Form 2210	Underpayment of Estimated Tax by Individuals, Estates and Trusts
Form 2210-F	Underpayment of Estimated Tax by Farmers and Fishermen
Form 2439	Notice to Shareholder of Undistributed Long-Term Capital Gains
Form 3468	Investment Credit
Form 4136	Credit for Federal Tax Paid on Fuels
Form 4255	Recapture of Investment Credit
Form 4562	Depreciation and Amortization
Form 4684	Casualties and Thefts
Form 4797	Sales of Business Property
Form 4835	Farm Rental Income and Expenses
Form 4952	Investment Interest Expense Deduction
Form 4970	Tax on Accumulation Distribution of Trusts
Form 4972	Tax on Lump-Sum Distributions
Form 6198	At-Risk Limitations
Form 6252	Installment Sale Income
Form 8271	Investor Reporting of Tax Shelter Registration Number

Accepted Forms and Schedules, continued

Form 8582-CR	Passive Activity Credit Limitations
Form 8801	Credit for Prior Year Minimum Tax - Individuals, Estates and Trusts
Form 8824	Like-Kind Exchanges
Form 8829	Expenses for Business Use of Your Home

Paper Part Of Return

Form 8453-F, U.S. Estate or Trust Income Tax Declaration and Signature for Electronic and Magnetic Media Filing, is required for all returns and must contain all signatures that would have been required if the return had been filed on paper. **Consult SECTION 11, Signature Form Procedures, of this publication for more information.** Other documents containing required signatures or supporting information must be attached to the signed Form 8453-F when it is sent to the service center. An example is a photocopy of the original power of attorney form (IRS must already have a power of attorney on file), for a return filed under power of attorney.

The paper part of the return may also include any other documents that are:

- not required by the IRS;
- not IRS forms or schedules; or
- not covered in Section 3, under Accepted Forms and Schedules, and are voluntarily included by the fiduciary/participant as supporting material.

SECTION 4 EXCLUSIONS

Types of Returns

The following types of returns are excluded from the electronic and magnetic media filing of Form 1041:

- Amended returns;
- Returns containing forms or schedules not listed in Section 3, under Accepted Forms and Schedules;
- Returns for any calendar year ending before fiscal year returns ending during any month after August 31 of the current year;
- Returns submitted by a person not accepted by the Service for magnetic media filing;
- Delinquent returns (except returns covered by the extension provision);
- Returns with dollars and cents entries (only whole dollar amounts are accepted). Round entries to whole dollars only upon output. Computed percentage distributions on Schedules K-1 may not balance due to this rounding;
- Returns with a power of attorney attached; (If IRS already had a power of attorney on file, the return is eligible for electronic and magnetic media filing.)
- Short period returns due to change of accounting period;
- Returns with more than one Schedule D, Form 2210, 2210F, 2439, 3468, 4136, 4797, 4952, 8582, 8582-CR, or 8801;
- Tentative returns;
- Family trust returns (except those filed by a bank);
- Bankruptcy estate returns;

- Returns with refund amounts equal to or greater than $10,000,000;
- Fiscal Year Returns with extension dates after December 31 of the current year;

SECTION 5 METHODS OF PARTICIPATION

Types of Participants

A Magnetic Media participant can be classified under one or more of the categories listed below, depending on what specific function(s) the participant performs relating to the fiduciary of IRS:

RETURN ORIGINATOR: A firm, organization, or individual who deals directly with the taxpayer and either:

- prepares tax returns, including Forms 8453-F, U.S. Estate or Trust Income Tax Declaration and Signature for Electronic and Magnetic Media Filing, for taxpayers who wish to have their returns magnetically filed; or
- collects prepared tax returns, including Forms 8453-F, from taxpayers that wish to have their returns magnetically filed.

SOFTWARE DEVELOPER: Develops software for the purposes of:

- preparing returns;
- formatting returns according to IRS magnetic media return specifications; and/or
- transmitting the returns directly to IRS. A developer may also sell its software.

SECTION 5 METHODS OF PARTICIPATION, continued

Types of Participants, continued

TRANSMITTER: Sends returns contained on magnetic tape directly to the Internal Revenue Service.
A transmitter may also accept tax returns from other accepted Return Originators and directly transmit them to IRS.

FIDUCIARY: A fiduciary can take part in the magnetic media program directly in the following manner:

- Develop their own preparation software.
- Send the return on magnetic media.
- Furnish Form 8453-F.
- Use another firm's software or transmission services.

SERVICE BUREAU: A service bureau is a firm, organization or individual who receives tax returns from accepted magnetic media participants for formatting, but does not collect returns directly from the taxpayer nor transmit the returns directly to the IRS.

SECTION 6 APPLICATIONS, ENTITY REVIEW PROCESS, TESTING AND ACCEPTANCE PROCEDURES

Pre-Application

IRS sends the following items to any person interested in participating in the magnetic media filing of Form 1041 tax returns:

- Form 9041, Application/Registration for Electronic/Magnetic Media Filing of Business Returns;

Pre-Application, continued

- Publication 1437, Procedures and Specifications for The e-file Program and Magnetic Media Filing, U.S. Income Tax Return for Estates and Trusts for Tax Year 2002.

- Publication 1438, Validation Criteria and Record Layouts for The e-file Program and Magnetic Media Filing, U.S. Income Tax Returns for Estates and Trusts,Form 1041, for Tax Year 2002.

Form 9041, Application

Philadelphia Submission Processing Center will not be accepting any new applications for Tax Year 2002 filing.

Participants already accepted into the program in the previous year do not need to send in another application unless information given earlier has changed or is incomplete. However, participants must call the Philadelphia Submission Processing Center to notify IRS of their intentions to participate in the current tax year program. The telephone number is (215) 516-7619.

Entity Review Process

The Entity Review Process is no longer be available for magnetic media filers for Tax Year 2002.

Testing Requirements

All participants must successfully test each year to ensure that their software produces Form 1041 tax return records that conform to IRS data specifications. Testing must be done before participants are accepted into the program. Testing is required even if the participant took part in the program previously.

Applicants who develop software may test between January 1 and April 15 of the current year.

Applicants who intend to participate in the magnetic media program as transmitters must submit a Form 1041 tax return test file. A test file must contain a minimum of 50 and no more than 500 Form 1041 tax returns based on the file specifications and record layouts included in Publication 1438.

Testing Requirements, continued

Test data corresponding to Form 1041 tax returns and related attachments must be similar to the kinds of returns that the applicant expects to file during live processing. For example, if an applicant submits test tax returns that include Form 1041, Schedule D and Schedules K-1, IRS will authorize the applicant to file magnetic media Forms 1041 with these schedules only.

The test file must be submitted using the same medium that will be used to file live returns on magnetic media. It is recommended that live return test data be used in order to accomplish actual Form 1041 live processing results.

Form 1041 applicants that are ready to test should notify the Philadelphia Submission Processing Center, ELF Processing Support Section at (215) 516-7619. The Philadelphia Submission Processing Center will notify each applicant when the test will take place.

If software packages are used by more than one transmitter, they need to pass an acceptance test only once each year. The system must provide the same software capabilities and, if applicable, identical data communications capabilities to all the users. Software packages that have tested successfully may then be used by all accepted participants.

Improperly labeled tapes will be returned unprocessed to the filer. See Publication 1438 for labeling instructions.

SECTION 6 APPLICATIONS, ENTITY REVIEW PROCESS, TESTING AND ACCEPTANCE PROCEDURES, continued

Acceptance

IRS reviews Form 1041 tax return test transmissions and gives feedback to the applicant. The IRS will notify each applicant of any errors encountered in the transmission. The applicant must then correct the errors before retransmitting the test file.

When applicants are accepted into the program, the Philadelphia Submission Processing Center issues a letter to the applicant granting official acceptance to participate. Acceptance is valid only for the year, forms and schedules specified in the acceptance letter.

SECTION 7 TRANSMISSION OF LIVE DATA: REQUIREMENTS AND RESPONSIBILITIES

Contingency Plan

If the magnetic media filing system becomes inoperable for a potentially long period of time, IRS will provide contingency instructions to all participants.

Revocation

IRS reserves the right to revoke the magnetic media filing privilege of any participant who does not maintain an acceptable level of quality or who deviates from the procedures and specifications set forth in the following documents:

- Publication 1437 - Procedures and Specifications for The 1041 e-file Program and Magnetic Media Filing, U.S. Income Tax Returns for Estates and Trusts for Tax Year 2002.
- Publication 1438 - Validation Criteria and Record Layouts for The 1041 e-file Program and Magnetic Media Filing, U.S. Income Tax Returns for Estates and Trusts, for Tax Year 2002.

Integrity And Accuracy

Participants must maintain a high degree of integrity and accuracy in order to participate in the program.

Security

Participants are responsible for the security of all transmitted data.

Compliance

All participants must comply with the requirements and specifications described in Publications 1437 and 1438. They must follow the file specifications, record layouts and data control criteria included in Publication 1438.

Return Acceptance

IRS accepts Form 1041 tax returns filed on magnetic media only from those applicants who have been officially accepted by the Philadelphia Submission Processing Center, ELF Processing Support Section.

Improperly Labeled Tapes

As stated in Section 6, under testing requirements, improperly labeled tapes will be returned unprocessed to the filer. See Publication 1438 for labeling instructions.

Received Date

The date the magnetic transmission is received by the IRS is the receipt date of the return if the return is acknowledged as accepted by IRS.

Legally Filed Return

A Form 1041 tax return is considered a legally filed magnetic media return when both of the following occur:

- the corresponding signature form (must have the required information and signatures), Form 8453-F is received, along with the magnetic media records; and
- the magnetic media tax return records successfully pass through the IRS preprocessing system and are acknowledged as accepted.

Amended / Corrected Return

After IRS accepts a magnetic media return, it cannot be recalled or intercepted in process. An amended or corrected return must be filed on paper, if either the transmitter or the fiduciary wants to change any entries after a return has been accepted. The amended or corrected return must be mailed to the IRS Service Center where the original paper return would have been filed.

Signature

The Form 8453-F must always be signed by the person authorized to sign the paper tax return, and by the paid preparer, if applicable. Before sending the return to IRS, the transmitter must obtain the required signatures on the Form 8453-F.

Consistency Tests

A Form 1041 tax return must meet all the consistency tests required as specified in this publication and in Publication 1438. The fiduciary or paid preparer must correct the source material prior to transmission. If the transmitter corrects any material, he or she becomes the return preparer.

Error Correction/ Resubmission

Errors that cause magnetic media tax returns to be to be rejected must be expeditiously corrected to ensure timely filing.

- All rejected/duplicate returns must be resubmitted within seven (7) calendar days of receipt of the Acknowledgment Report. Returns not received within the seven (7) calendar days could be considered “late filed”.
- If there is a problem in refiling the rejected returns within the seven (7) calendar days, contact the Philadelphia Submission Processing Center.

All rejected magnetically filed returns must be resubmitted by 6/30/03.

Software Developers

In addition to the requirements outlined in **SECTION 6, Testing Testing Requirements**, software developers must:

- correct software errors that cause magnetic media returns to be rejected, (these errors must be corrected as soon as possible so the returns can be filed in a timely manner); and
- distribute their software corrections expeditiously to all the users who participate in this program.

End of Filing Period Transmission

For magnetic media returns transmitted at the end of the filing period:

- To provide IRS enough time to acknowledge returns transmitted before the return due date, participants are allowed up to 7 calendar days to successfully retransmit returns that were rejected when initially transmitted on time.
- Retransmitted Form 1041 tax returns on magnetic media must be transmitted to the Philadelphia Submission Processing Center.
- If, by the 7th day after the return was due, an acknowledgment of acceptance has not been received for any previously filed or retransmitted return, the participant must immediately contact the Philadelphia Submission Processing Center for further instructions.

Late Filed Returns

Fiduciaries who expect to file tax returns after the return due date should apply for an extension according to the instructions for Form 1041.

An extension of time to file does not grant an extension to pay tax.

Normal interest and penalty provisions will apply.

Change of Address

If the trustee/estate or the fiduciary changes its address after the tax return has been filed with this program, Form 8822, Change of Address, should be filed with the Philadelphia Submission Processing Center.

SECTION 8 ACKNOWLEDGMENT PROCESS

Acknowledgment Report

IRS acknowledges each transmission of a file of magnetic media returns within 7 workdays. The acknowledgment is a hardcopy printout of a report that specifies which returns the IRS has accepted, rejected, or recorded as duplicates.

The IRS will mail the Acknowledgment Report to the transmitter, or if the participant requests, the report may be sent by FAX if the document is 5 pages or less.

Post Transmission Problems

Transmitters should immediately contact the Philadelphia Submission Processing Center at (215) 516-7533 (not a toll-free number) if any of the following occurs:

- The transmitter does not receive the hardcopy Acknowledgment Report within 7 workdays;
- The transmitter receives acknowledgments for returns that were not transmitted;
- The transmitter receives the Acknowledgment report but it does not include all of the returns transmitted.

Magnetic Tape

IRS can usually process any compatible tape files. Compatible tape files must meet the following criteria:

- Type of tape - 0.5 inch (12.7mm) wide, computer-grade, magnetic tape on reels of up to 2400 feet (731.52m)
  - Tape thickness - 1.0 or 1.5 mils
  - Reel diameter - 10.5 inch (26.67cm), 8.5 inch (21.59cm), or 7 inch (17.78cm)
  - Recording - 6250 or 1600 bits per inch density
  - Parity - Odd
  - Interrecord gap - 3/4 inch
  - Recording - 9 channel EBCDIC (Extended Binary Coded Decimal Interchange Code) or ASCII (American Standard Code for Information Interchange)
- Track - 9 track unlabeled tape
- Record format - Fixed or variable
- File format - Standard Interchange (Variable blocked format) Records cannot span reels or volumes.

A physical label should be affixed to the exterior of each tape. See Publication 1438 for an example of the label and more information. Signed Forms 8453-F and any related paper documents must be enclosed in the parcel with the tapes.

SECTION 9 ELECTRONIC/MAGNETIC MEDIA SPECIFICATIONS, continued

Floppy Diskettes

Form 1041 returns will no longer be accepted on floppy diskette.

Electronic Filing Procedures

See Part A for Procedures for the 1041 e-file Program.
The Philadelphia Submission Procession Center no longer accepts and processes Forms 1041 received electronically.

SECTION 10 FEDERAL/STATE REQUIREMENTS

General Description

Magnetic media filing of Forms 1041 no longer supports the Federal/State Program.

SECTION 11 SIGNATURE FORM PROCEDURES (FORM 8453-F)

Purpose of Form 8453-F

Form 8453-F, properly signed and containing the required information, serves the following purposes:

- authenticates the return;
- provides a transmittal for any associated paper documents that may be stapled to the declaration;
- authorizes the participant to transmit via a third-party transmitter; and
- authorizes the transmitter to transmit the return on behalf of the fiduciary.

Required Signatures

The same signatures are required on Form 8453-F that are that are required on a paper return. All Forms 8453-F must be signed no later than the day of mailing your returns.

Fiduciary's Authorization

If the participant is not the fiduciary, the participant must get the fiduciary's authorization to file the returns on magnetic tape; and, if applicable, to transmit the returns through a third party transmitter. The fiduciary gives this authorization by signing Form 8453-F.

Multiple Tax Return Listing

A Form 8453-F multiple-return signature listing may be used if a person is authorized to sign more than one Form 1041. Up to 5,000 Form 1041 tax returns (transmitted as a continuous series input file) may be submitted with a Form 8453-F multiple-return signature listing.

Multiple Tax Return Listing, continued

A paper listing must accompany the tax return submission.

Form 8453-F and Form 1041

Form 8453-F must accompany each Form 1041 filed on magnetic tape and be included in the same package. **(See SECTION 13, Method of Delivery, for delivery instructions.)**

Postmark Date

The postmark date of magnetic tape package must be on or prior to the return due date, including extensions to avoid the assessment of a penalty for late filing.

Substitute Form 8453-F

Participants must use the official Form 8453-F or an approved substitute that duplicates the official form in format, language, content, color and size. Use of unapproved forms could result in suspension from the program. Participants must send a sample of the proposed substitute to the following address for approval before they use a substitute form;

Internal Revenue Service OP:FS:FP:F:CD
Substitute Forms Coordinator
1111 Constitution Avenue, NW
Washington, DC 20224

Rejected Data

If the IRS rejects the tape part of the return and the participant retransmits the return on magnetic media, a new Form 8453-F must be filed if any of the following amounts on the retransmitted return differ from the amount originally reported, as follows:

Amount Item	Differs by
Total Income [Form 1041, Line 9]	More than $25
Total Tax [Form 1041, Line 23]	More than $5
Tax Due Form 1041, Line 27]	Any amount
Overpayment [Form 1041, Line 28]	Any amount

However, if a new Form 8453-F is not required, the transmitter must submit a photocopy of the original Form 8453-F and mark it "Retransmitted". If the return is being retransmitted on magnetic media, attach a copy of the Acknowledgment Report page on which the resubmitted return appeared.

Resubmissions on Paper

If the transmitter resubmits the return on paper, he or she should attach to the paper return both the relevant part of the Electronic/Magnetic Media Acknowledgment Report and a letter explaining what happened. The paper return should be filed at the Philadelphia Submission Processing Center.

SECTION 11 SIGNATURE FORM PROCEDURES (FORM 8453-F), continued

Failure to File Penalties

Parties involved in the transmission of Form 1041 tax returns, using magnetic media, may be liable for failure to file penalties because of missing, incomplete, or unsigned signature forms.

SECTION 12 BALANCE DUE RETURNS: TAX PAYMENTS

Payments

For Tax Year 2002, Electronic/Magnetic Media Remittance Registers **will no longer be accepted** for balance due returns.

Payments for magnetic media Form 1041 tax returns can be made in any of the following ways:

- As estimated tax payments, with Form 1041-ES, Estimated Income Tax for Estates and Trusts. The payments should be submitted according to Form 1041-ES instructions.
- Electronic Tax Payment System (EFTPS) should be used or the balance due payment.

EFTPS

Form 1041 payments (estimated, balance due, and subsequent) can be made through the Electronic Tax Payment System (EFTPS). Contact an EFTPS Financial Agent at 800-555-4477 or 800-945-5300 for information.

Extension

An extension of time to file does not grant an extension to pay tax.

SECTION 12 BALANCE DUE RETURNS: TAX PAYMENTS, continued

Balance Due Returns

Returns containing a money amount on Line 27 (Tax Due), Page 1 of Form 1041 are considered balance due returns.

All balance due returns must be transmitted separately from returns with no balance due.

Remittance Registers

Electronic/Magnetic Remittance Registers will no longer be accepted at PSPC. Payments should be made through EFTPS.

Paper Remittance Registers

Paper Remittance Registers will no longer be accepted at PSPC for Tax Year 2002.

SECTION 13 WHERE TO SEND MAGNETIC TAPES, DISKETTES AND PAPER ATTACHMENTS

Packaging Instructions

The participant must associate the items described in **SECTION 3, Paper Part of Return**, with the related signed Forms 8453-F in addition to any related Form 8453-F Multiple Returns Tax Return Information Listing.

The signed Forms 8453-F must be arranged in the same order the records appear in the tax return file transmitted to the IRS. The batch of forms should be secured with a rubber band or string.

Envelopes or cartons may be used, as volume or preference dictates, to send signature forms, and magnetic tapes, to the IRS at the address specified in **SECTION 13**. If the returns are filed on magnetic tape, the signature forms must be sent in the same package.

Shipping and Packaging

Shipping and packaging instructions: The order of items in the package must be as follows:

- the signed Form 8453-F
- Form 8453-F Multiple Returns Tax Return Information Listing (If applicable, must be attached to the signed Form 8453-F.)
- all other paper attachments corresponding to each tax return (If applicable, must be attached to the signed Form 8453-F.)
- the magnetic tapes

Method of Delivery

The method of delivery is optional. However, to expedite receipt of tapes, and paper attachments directly to the ELF Processing Support Section, it is suggested that overnight or express mail be used. If a return receipt is required, enclose a letter to be date stamped and signed by the ELF Processing Support Section and the letter will be returned to you.

Mailing Address

Participants must send all magnetic media data, all Forms 8453-F, and all other materials as described in **SECTION 3, Paper Part of Return**, of this publication to IRS at the following address:

Internal Revenue Service
Philadelphia Submission Processing Center
ATTN: ELF Processing Support Section - DP N-144
11601 Roosevelt Blvd
Philadelphia, PA 19154

SECTION 14 DISTRIBUTION OF COPIES

Participant's Copy

The transmitter must keep a copy of the return, including the Form 8453-F. The copy of the magnetic media part of the return may be kept on computer media.

Client's Copy

The participant should advise clients to keep copies of all materials filed with the Philadelphia Submission Processing Center. The copy of the magnetic media part of the return can be a copy of the official forms or in a format designed by the participant, in which each data item refers to the line entries on the official forms. The copy can be on computer media. The computer media copy must be composed carefully to avoid violating disclosure rules.

NOTE: Anyone who receives a copy will be given **ONLY** the information he or she is entitled to receive.

Acknowledgment Copy

The participant should keep any Acknowledgment Reports received from the Philadelphia Submission Processing Center for a minimum of 3 months to facilitate inquiries. If the participant is also the paid preparer or the fiduciary, the normal retention periods for tax return information apply, as specified in the Internal Revenue Code.

Fiduciary's Copy

If the transmitter and the fiduciary are not the same, the transmitter must give the fiduciary a copy of all material that is filed with the Philadelphia Submission Processing Center.

IRS Copies

The transmitter must promptly satisfy the Service's requests to resolve problems relating to missing, incomplete or unsigned Forms 8453-F and must provide copies of those forms within 3 workdays of request.

The transmitter must give IRS access to all materials required in order to comply with these procedures.

SECTION 15 ADVERTISING STANDARDS

Restrictions

Preparers and transmitters shall comply with the advertising and solicitation provisions of 31 C.F.R. Part 10 (Treasury Department Circular No. 230), with respect to their capability to file magnetic media returns.

Endorsement

IRS endorsement must not be implied. Acceptance to participate in the program **does not mean** that the Internal Revenue Service endorses the computer software of quality of services provided. Therefore, any public communication in which a participants electronic / magnetic media filing capability is referenced, whether through publication or broadcast, **must** clearly indicate that IRS acceptance of the participant for magnetic media filing does not constitute an endorsement or approval of the quality of tax preparation services provided.

SECTION 16 MONITORING

Requirements

Participants must conform to the requirements of these procedures.

Submissions

Philadelphia Submission Processing Center will monitor each participant's submissions to ensure that quality is kept at an acceptable level and will counsel the participant if necessary.

Quality

If a participant does not maintain an acceptable level of quality, the magnetic media filing authorization may be revoked.

Suspension

The following conditions can lead to suspension:

- Deterioration in the format of submissions;
- Unacceptable cumulative error rate;
- Violation of advertising standards;
- Unethical practices in return preparation;
- Untimely, incomplete, illegible, altered or missing Forms 8453-F; or unapproved substitute Forms 8453-F;
- Misrepresentation on the participant's application (Form 9041);
- Other factors or criteria that would adversely reflect on the magnetic media program.

Penalties

Treasury Regulations take precedence over any item stated in these procedures.

Magnetic media participants are subject to a criminal penalty for disclosure or use of tax return information, as described in Treasury Regulation 301.7216-1(a).

Other preparer penalties pertaining to individuals or firms who meet the definition of an income tax return preparer are covered under I.R.C. Section 7701(a)(36) and Treasury Regulation 301.7701-15.

Counseling

IRS will counsel suspended participants about the requirements for reacceptance into the program.

SECTION 17 ADMINISTRATIVE REVIEW

Participation

Applicants who have been denied participation, or participants who have been suspended, have the right to administrative review.

Reinstatement

Requests for administrative review of ineligibility or suspension decisions should be directed to:

Internal Revenue Service
Office of the Director of Practice PC:E:P
1111 Constitution Avenue, NW
Washington, DC 20224

SECTION 18 VENDOR LIST

Requests

A list of vendors who support magnetic media filing of Form 1041 returns will be provided by IRS upon request. This list will include transmitters and software developers who have been accepted as participants in the magnetic filing program.
This list is intended for information purposes only and does not imply that IRS endorses or approves the vendors and/or products or services provided.

Address

Participants who contact the IRS at the address listed below will be provided with hard copies of the vendor list. **IRS will not provide any vendor information over the telephone.**

Internal Revenue Service
Philadelphia Submission Processing Center
ATTN: ELF Processing Support Section - DP 2720
11601 Roosevelt Blvd.
Philadelphia, PA 19154

SECTION 19 EFFECT ON OTHER DOCUMENTS

Revisions This revision supersedes any Publication 1437 previously issued.

Publication Publication 1438, Validation Criteria and Record Layouts for the 1041 e-file Program and Magnetic Media Filing, U.S. Income Tax Return for Estates and Trusts Tax Year 2002.
This publication is updated annually.

SECTION 20 DISTRICT OFFICE ELECTRONIC FILING COORDINATORS

This listing has been eliminated from this publication. It is now available on our website: www.irs.gov/elec_svs/eta-coord.html and is updated as needed.