



COMPTROLLER
of MARYLAND
Serving the People

2017
Maryland Employer
Reporting of 1099s
Instructions and
Specifications

September 2017

Revenue Administration Division

Annapolis, MD 21411-0001

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Document Change Log

| Date | Page | Description |
|----------|--|--|
| 9/1/2017 | N/A Page 4 Page 7 Page 3, 4, 6 & 11 Page 4 ,5, 7 & 9 Page 10 Page 4 & 11 | <ul style="list-style-type: none">• There are no record layout changes for Tax Year 2017• 1099-MISC note was changed• The first bullet point – remove “will”• Changed January 31 to January 31st• Changed Note – position 715 to positions 715 - 722• Corrected name Taxpayer Services... to Taxpayer Service...• Penalty for not filing 25 or more electronically was changed from \$50 to \$100 |

Introduction

Maryland law requires employers to submit their annual Withholding Reconciliation using the magnetic media format if the total number of required 1099 statements meet or exceed 25. We encourage all employers, regardless of the number of 1099s, to file using magnetic media.

The filing due date for 1099 wage/tax statements is January 31st. If the due date falls on a Saturday, Sunday or legal holiday, it must be filed by the next business day.

The 2017 Maryland Reporting Instructions and Specifications Handbook for 1099s is designed to be used as a companion to the **IRS Publication 1220 Specifications for Electronic Filing of Forms 1097, 1098, 1099, 3921, 3922, 5498, 8935 AND W-2G Tax Year 2017**. Since many functions of the Maryland employer-reporting program are similar to the IRS program, this handbook highlights the special requirements of the Maryland program.

Filing Requirements for 1099 Reporting

Filers having 25 or more information returns must file magnetic media in the IRS format from Publication 1220 Specifications for Electronic Filing of Forms 1097, 1098, 1099, 3921, 3922, 5498, 8935 AND W2-G.

Maryland requires a 1099-G, 1099-R, 1099-S and W-2G for every Maryland payee who receives a payment of \$10 or more during the tax year being reported.

Note: Maryland only requires a 1099-MISC when there is Maryland withholding greater than zero.

Failure to comply may result in a penalty of \$100 for each violation. Each 1099 that is not properly filed is a separate violation subject to the above penalty. Failing to comply with Section 13-706 of the Tax-General Article, Annotated Code of Maryland may result in the assessing of additional penalties.

Upcoming Changes and Enhancements

Maryland continues to participate in the Combined Federal/State Filing Program for Forms 1099.

Note: Prior to your submission to Combined Federal/State Filing, the 1099 file must include the modified B record(s) containing the required Central Registration Number (CRN) in positions 715-722.

1099 filers, who do not participate in the Combined Federal/State Filing Program, should submit their magnetic media file or paper returns with 1099s directly to Maryland by January 31st, each year.

Media Specifications

Diskettes and CDs

The Maryland Revenue Administration Division follows the following criteria in acceptance of magnetic media:

- Diskettes must be double-sided, double-density or high-density, MS-DOS version or compatible operating system
- All diskettes and CDs must be virus scanned before submission.
- Only *one* file name is allowed. The file name must be "IRSTAX" for 1099 data. Do not add an extension (e.g., ".dat", ".bak").
- The external labels must have the company name, FEIN, the proper sequence (e.g., VOL 2 of 3), and type of data (W-2 or 1099). A contact number and name is helpful if the disk arrives damaged.
- Data must be uppercase letters in ASCII.
- Inspect the file prior to placing on media to verify each record type (T, A, B, C, K, F) starts on a new row.
- File should include record delimiters (CR- Carriage Return followed by LF – Line Feed). Each record delimiter must consist of a carriage-return/linefeed (CR/LF) and

placed immediately following position 750. Do not place a record delimiter before the first record (T) of the file.

- Multiple companies can be submitted within one file. Be sure to repeat each set of record types (T, A, B, C, K, F) in this sequence for each company.
- Files may be compressed using PKZIP or WinZip. Please indicate on the label if the file is zipped.
- Maryland no longer accepts cartridges or tapes of any sort.

Reminders for Tax Year 2017

1. **The filing due date for 1099 wage/tax statements is January 31st.**
2. It is a **must** to provide the Federal Employer Identification Number (FEIN) and the corresponding Central Registration Number (CRN) in positions 715-722 of the B record. Not providing this information will delay the processing time or having the file being rejected.
3. Amounts reported on a paper Form MW508 are for paper submission only.
4. If you outsource your payroll, please provide the transmitter/submitter with the Federal Employer Identification Number (FEIN) and the Maryland Central Registration Number (CRN).
5. Do not report duplicate information. **If you file returns magnetically, identical paper documents must not be filed.** This may result in erroneous balance due notices and/or penalty notices.
6. The Comptroller of Maryland will only accept 3 ½-inch diskettes and CD submissions.
7. Flash and thumb drives are not permitted.
8. The Comptroller of Maryland requires a 1099-G, 1099-R, 1099-S and a W-2G Form for every Maryland payee that receives a payment of \$10 or more during the tax year being reported.
9. If the payer (employer, organization, etc.) withhold state taxes that are reported on a 1099-MISC for Maryland payee(s), then the 1099-MISC should be included in the payer's annual reconciliation for the tax year reported.
10. **The Comptroller of Maryland is a participant in the IRS Combined Federal/State Filing Program.** See the following:
 - a. The IRS format from Publication 1220, Specifications for Electronic Filing of Forms 1097, 1098, 1099, 3921, 3922, 5498, 8935 and W-2G
 - b. The Magnetic Media Guide 1099 Instructions and Specifications, Section: "B" Record Modified for Maryland Reporting
11. **If you are participating in the Combined Federal/State filing program, do not send paper or media with the same returns as are being reported to the IRS. The IRS will forward the 1099 information to Maryland.**
12. Current and prior year data may be submitted in the same shipment; however, each tax year must be on separate media.

Most Common Errors to Avoid

- Failure to include the “A” record.
- Failure to include the Federal Employer Identification Number (FEIN) on the “A” record, position 12.
- Failure to modify the B record to include the required Central Registration Number (CRN) in positions 715-722 or failure to place the required Central Registration Number in the correct location.
- Failure to include the “C” record containing the MW508 information.
- Using the Unemployment Insurance number instead of the Maryland Central Registration number.
- Using the FEIN instead of the Maryland Central Registration number.
- Sending PDF, MsWord or Excel 1099 files on media. These are not acceptable formats. This will result in a failed submission or may cause erroneous balance due notices and/or penalty notices.
- Failure to include record delimiters (CR- Carriage Return followed by LF – Line Feed). Each record delimiter must consist of a carriage-return/linefeed (CR/LF) and placed immediately following position 750.
- Failure to verify each record type (T, A, B, C, K, F) starts on a new row.

Record Format Rules

All fields in the record layouts are required and must follow the formatting rules as follows:

Alpha fields (Alphabetic characters and blanks only)

- Left justify and fill with blanks.

Numeric fields (Numeric characters only)

- Right justify and fill with zeroes.
- Fill unused fields with zeroes.

Alpha/numeric fields (Alphabetic, numeric and blanks are allowed)

- Left justify and fill with blanks.
- Fill unused fields with blanks.

Money fields

- Must contain only numbers.
- No punctuation.
- No signed amounts (high order signed or low order signed).
- Include both dollars and cents with the decimal point assumed (example: \$59.60 = 000000005960).
- Do *not* round to the nearest dollar (example: \$5,500.99 = 000000550099).
- Right justify and zero fill to the left.
- Any money field that has no amount to be reported must be filled with zeroes.

Maryland Record Layout Tax Year 2017

There have been no changes to the record layouts for tax year 2017.

The 2017 Maryland record layout is the only acceptable format for both current and back year tax magnetic media submissions.

1099 Filers must include the **required Central Registration Number in positions 715 – 722** of the modified “B” record prior to submission of magnetic media to Comptroller, State of Maryland or file submission to IRS Combined Federal/State filing program.

- Do not include more than one “IRSTAX” file per diskette or CD.
- The required records are:
 - “T” Transmitter Record (Same as IRS)
 - “A” Payer Record (Same as IRS)
 - “B” Payee Record (Modified, record description below)
 - “C” End of Payer Record (Same as IRS)
 - “K” Use for Combined Federal/State Filing Program (Same as IRS)
 - “F” End of File Record (Same as IRS)

“B” Record Modified for Maryland Reporting

| FIELD POSITION | FIELD NAME | FIELD LENGTH | FIELD TYPE | FIELD DESCRIPTION |
|----------------|--------------------------------------|--------------|---------------|--|
| 1-700 | Same as IRS | 700 | ALPHA NUMERIC | Required. Same as IRS. |
| 701-712 | Maryland State Pickup | 12 | NUMERIC | For use by Maryland State Retirement System. Right justify and fill with zeros. |
| 713-714 | Filler | 2 | ALPHA NUMERIC | Maryland does not use this field. |
| 715-722 | Maryland Central Registration Number | 8 | NUMERIC | Required. Eight-digit Maryland Central Registration Number (Tax Withholding Account Number) |
| 723-734 | Maryland State Income Tax Withheld | 12 | NUMERIC | Required. Total of state and local taxes withheld must be added together. Do not report separately. Right justify and fill with zeroes |
| 735-746 | Filler | 12 | ALPHA NUMERIC | Maryland does not use this field. |
| 747-748 | Combined Federal/State Code | 2 | NUMERIC | Constant “24” for Maryland. |
| 749-750 | Same as IRS | 2 | ALPHA NUMERIC | Required. Same as IRS. |
| | | 750 | | |

Frequently Asked Questions

What is the Maryland Central Registration number?

The Central Registration number is an eight-digit number assigned by Maryland when you open a state withholding account.

How can I confirm an employer's Maryland Central Registration number?

You may contact Taxpayer Service by telephone at 410-260-7980 from Central Maryland, or 1-800-638-2937 from elsewhere or by e-mail at taxhelp@comp.state.md.us. Be prepared to provide the following information: Federal Employer Identification Number (FEIN), name of company, as well as name and phone number of the person inquiring.

Who can file paper information returns?

Employers having less than 25 1099 information returns to report may send a paper Form MW508 with paper copies of the 1099 information returns to:

Revenue Administration Division
ATTN: Returns Processing, Room 206
110 Carroll Street
Annapolis, MD 21411-0001

Can I file my corrections on magnetic media?

No, we cannot process corrected or amended 1099s and MW508s on magnetic media. All corrected and amended 1099s and MW508s must be submitted on a paper MW508A to the address above.

What if I file both paper returns and magnetic media?

All paper 1099Rs not included on media must be submitted together in one package with the media. Also, include Form MW508 showing the totals of all paper 1099Rs and payment of balance due, if applicable. Please be sure your name, Federal Employer Identification Number, and Maryland Central Registration number are on all documents. Send the package to the following address:

Revenue Administration Division
Attn: Magnetic Media Unit, Room 214
110 Carroll Street
Annapolis, MD 21411-0001

Am I required to submit a test file?

No, test files are not required, but are preferred. We do recommend and encourage filers to submit a test file on CD or diskette. This will validate proper format and identify problems before production data is submitted, avoiding delays in processing. Please clearly mark your media as "Test" and send to the address listed above.

Is there a filing deadline?

The filing deadline for 1099R information returns is January 31st. If the due date falls on a Saturday, Sunday or legal holiday, the statements must be filed the next business day.

Can I file back-year data on magnetic media?

Yes. Maryland can process all back year data submitted on magnetic media. All data must be presented in the current year format and the tax year must be properly entered in the "A" record.

Do you return the media after you are done?

No, magnetic media becomes the property of the Revenue Administration Division and for security reasons it is destroyed after being successfully processed.

How do I request a waiver of the Magnetic Media/Electronic filing requirement?

To request a waiver of the minimum filing threshold, you should send a written request stating the nature of the hardship. The request should be sent by mail to the address below, by email to efil@comp.state.md.us or by fax at 410 974-2274.

Will I be penalized for not filing electronically or by magnetic media when required?

Employers failing to file electronically (with 25 or more 1099) may incur a penalty of \$100 for each violation. Each 1099 submitted that is not properly filed is a separate violation subject to the above penalty. Failure to comply with Section 13-706 of the Tax General Article, Annotated Code of Maryland may result in the assessing of additional penalties.

Where do we send the magnetic media?

Revenue Administration Division
ATTN: Magnetic Media Unit, Room 214
110 Carroll Street
Annapolis, MD 21411-0001