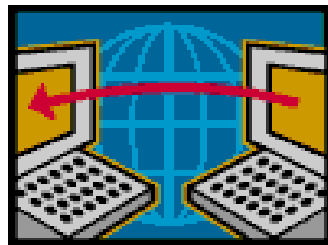


Specifications for Electronic Submission of Annual Wage and Tax Information via Electronic Media or Web for Year 2017.

KENTUCKY FINANCE & ADMINISTRATION CABINET



DEPARTMENT OF REVENUE

Note: Kentucky Department of Revenue (DOR) follows the EFW2 specifications found in Social Security Publication No. 42-007

For the state record – RS - specifications required by DOR please refer to this document

DOR ONLY accepts electronic wage and tax information via Web or CD

Table of Contents

<u>Topic</u>	<u>Page</u>
OVERVIEW	2
ACCEPTABLE ELECTRONIC MEDIA	2
TIPS TO REMEMBER	2
CD'S SHOULD BE SENT TO	3
FILING DEADLINE	3
FILING EXTENSIONS.....	3
1. WEB BASED FILING	4
HOW THE WEB SITE WORKS.....	4
HOW TO GET STARTED USING WEB BASED FILING.....	5
AUTHORIZATION TO FILE VIA THE WEB.....	5
GENERAL WEB REQUIREMENTS.....	6
WHAT IS EDITED BY THE WEB SITE	6
2. CD.....	6
DATA RECORD DESCRIPTIONS	6
SUBMITTER RECORD:	7
EMPLOYER RECORD:	7
EMPLOYEE WAGE RECORD	8
STATE RECORD	8
CODE RS - State Record.....	9
TOTAL RECORD.....	13
FINAL RECORD	13
WEB LINK FOR FORM 42A806 - TRANSMITTER REPORT FOR FILING KENTUCKY WAGE STATEMENTS	14
WEB LINK FOR FORM 42A808 - AUTHORIZATION TO SUBMIT EMPLOYEES ANNUAL WAGE AND TAX STATEMENTS VIA DOR WEB SITE	14
FREQUENTLY ASKED QUESTIONS AND ANSWERS	15

**KENTUCKY DEPARTMENT OF REVENUE
SPECIFICATIONS FOR ELECTRONIC SUBMISSION OF ANNUAL WAGE AND
TAX INFORMATION VIA CD OR WEB BASED FILING
FOR TAX YEAR 2017, DUE JANUARY 31, 2018**

OVERVIEW

This booklet contains the specifications and instructions for reporting form W-2 information to the Kentucky Department of Revenue (DOR) via electronic media pursuant to 103 KAR 18:050 Section 6. **DOR uses the EFW2 specifications as defined by the Social Security Administration for year 2017.**

RS record is defined by DOR in this document.

ACCEPTABLE ELECTRONIC MEDIA

The Kentucky Department of Revenue (DOR) accepts annual W-2 information via Web Based Filing or CD only. **DOR DOES NOT ACCEPT 9 TRACK REEL TAPES or 3480 or 3490 CARTRIDGES or 3 ½ Diskettes.** For the purposes of this handbook, the terms **TAPE** and **3480 OR 3490 CARTRIDGES** are used interchangeably unless otherwise indicated. **THERE IS ONLY ONE FORMAT FOR REPORTING VIA WEB BASED FILING or CD.**

103 KAR 18:050, Section 6 requires any employer who issues 100 or more Forms W-2 annually to utilize an acceptable form of electronic media. Employers with less than 100 Forms W-2 are **encouraged**, but not required, to utilize electronic media filing.

TIPS TO REMEMBER

- ◆ **“RS” records are mandatory. They are optional only to the SSA and IRS.**
- ◆ **DOR does not accept 9 track reel tapes or 3480 or 3490 cartridges or 3 ½ diskettes.**
- ◆ Always **identify yourself and your company with an external label** on the Electronic Media.
- ◆ Include only employee records **pertinent to Kentucky** on your electronic media.
- ◆ Always use the correct **Kentucky Withholding Account Number (6 digits)** in the appropriate fields.
- ◆ **A Transmitter Report, 42A806** must be included with each CD submitted.
- ◆ A Transmitter Report, 42A806 is **NOT** required for web based filing.

- ◆ DOR allows submission of Forms 1099 and W2G electronically via CD submission only. The federal format found in Federal Publication 1220 is the required format. See DOR's website at <https://revenue.ky.gov/Business/Pages/Employer-Payroll-Withholding.aspx> for the detailed specifications of the state defined fields.

CD's SHOULD BE SENT TO

Kentucky Department of Revenue
W-2 CD Processing
501 High Street, Sta. 57
Frankfort, KY 40601

Please include **TRANSMITTER REPORT 42A806** with each CD submitted. The web link for the Transmitter Report 42A806 is included at the end of this booklet. Photo copies of the Transmitter Report are acceptable. Transmitter Report 42A806 is not required for Web Based filing.

FILING DEADLINE

Form W-2 electronic media files should be submitted to the Kentucky Department of Revenue by the last day of January of each year. If this day falls on a holiday or weekend, the filing deadline is the next business day.

NOTE: THE FILING DEADLINE DATE FOR TAX YEAR 2017 FILES IS JANUARY 31, 2018 .

FILING EXTENSIONS

Extensions may be granted upon proof of reasonable cause. Requests for extension to file Electronic Media should be made prior to the due date. Employers should contact:

Kentucky Department of Revenue
Withholding Tax Branch
P.O. Box 181, Station #57
Frankfort, KY 40602
Phone: (502) 564-7287

ELECTRONIC MEDIA REQUIREMENTS

1. WEB BASED FILING

The Kentucky Department of Revenue (DOR) offers a secure web site as a preferred method of submitting the Reporting of Annual Employee Wage and Tax Information. Beginning in 2003, DOR began offering the Web as a viable alternative for submitting annual employee wage & tax reports. Using the web site is an ideal alternative as a means to submit the wage and tax reports to DOR.

Check out our web site at:

<https://revenue.ky.gov/Business/Pages/Employer-Payroll-Withholding.aspx>

The underlying philosophy behind using the web site is that the data is already being created electronically. It only makes great business sense to send this information securely via the Web rather than putting it on a CD, then paying a third party deliverer. In the past, the DOR has had to return media asking for a corrected report from the employer / transmitter.

DOR is excited about using the web because it not only streamlines the processing of the wage and tax information for us but it offers an easy and secure way to meet the filing requirements for the employer!

HOW THE WEB SITE WORKS

The web site utilizes Microsoft's SSL technology (Secure Socket Language) to create a secure connection between the client PC and our Web Server. Using 128 bit encryption, files are transferred to our servers and then processed. This service is provided **at no cost** and only requires the client PC to have Internet Explorer, or any other compatible web browser. There are no hardware restrictions and no software installations required.

To use the web site, a PIN is required, which DOR will assign when the employer declares its intention to send annual wage & tax reports via the web. ***The PIN only needs to be changed if the employer's Federal Identification Number changes or the employer requests a new PIN for security.***

Once the user has logged onto the web site, the employer can select files from any location accessible to that PC, and transfer it to the DOR web server. It is important to note that the file layout for using the web is exactly the same as filing by CD. Therefore, switching to this method of transferring files will require no changes in the methods for creating the files.

After the transfer, DOR will run validations against the file to determine that it is in a valid file format. Then, DOR will notify the transmitter within **2-48 hours**, via email using the email address the employer registered with, stating the success or failure of the validations.

WEB SITE SECURITY

The Federal government mandates that strong security measures are established when handling Federal tax information. Since the incoming wage and tax information via Web Based Filing may contain Federal tax information, DOR has designed and controls the entire process with a high level of security. From the client PC to the Web Server, SSL is used to encrypt all data transfer, using 128 bit encryption. This process is entirely safe! After the file is transferred to our servers, it is encrypted again to provide security against internal access to the file.

To log onto the web site, a combination of your Federal Employer Identification Number (FEIN) and a DOR assigned Personal Identification Number (PIN) must be used in order to establish secure connection with the DOR server. Plus, a series of accountability and audit trails are maintained by the DOR upon connection to further control access. The DOR is confident in the level of security with using Web Based Filing.

HOW TO GET STARTED USING WEB BASED FILING

Preparing your office and personal computer to use Web Based Filing requires no hardware or software installations. The only requirements are having Internet Explorer or some other compatible web browser and a DOR assigned PIN.

1. **To get your PIN, complete Form 42A808 - Request Form for Authorization of Submission of Annual Employee Wage & Tax Reporting via THE WEB and send to DOR.**
2. The DOR will assign you a PIN and clarify Web Based Filing procedures and specifications upon declaring your intention to submit annual wage & tax information via the Web. Some information as to system specifications, network and contact information must be provided to the DOR. ***Please Note: It is important to get your system / network administrator involved ASAP so as to ensure that you have the proper capabilities. Please notify & work with your system / network administrator up front to ensure your success.***

AUTHORIZATION TO FILE VIA THE WEB

The employer / transmitter must contact the DOR, using Form 42A808 – Request Form for Authorization of Submission via WEB, to declare intentions to submit via the Web and obtain the current WEB specifications. The employer must be prepared to provide the following information:

1. Name, Address and Federal Employer Identification Number (FEIN) of organization or firm requesting to enable Web Site Access.
2. Name, title, telephone number and email address of person to contact regarding the request for setup of Web Site Access.
3. Estimated number of employees to be reported.

The completed Form 42A808 should be mailed to the below address to get started!

Send To:

**Kentucky Department of Revenue
Withholding Tax Branch
P. O. Box 181, Station 57
Frankfort, KY 40602-0181**

GENERAL WEB REQUIREMENTS

WHAT IS EDITED BY THE WEB SITE

- The file must be recorded in American Standard Code for Information Interchange (ASCII) and no record should be longer than 512 character positions.
- The file layout is IDENTICAL to that required of the CD.
- The file **must** contain valid EFW2 records(s) for each employee. Once registered with a PIN, you can validate the file format and records by checking the “Test Only” box on the log-in page.
- The file **must** total correctly & have valid record contents (i.e. state code should be 21 for Kentucky, reporting period should be 2017, Kentucky withholding account number should be 6 digits, at least one Kentucky record is required to be in the file, etc.).
- Each RW record MUST be followed by an RS record.
- There can only be 1 RS record with the same state code per RW record.

2. CD

Make sure to use a blank CD.

DATA RECORD DESCRIPTIONS

The record for reporting Kentucky wage and tax data shall be the Code-RS State Record. **ONLY UPPER CASE LETTERS ARE ACCEPTABLE ON ELECTRONIC MEDIA FILES.** For technical requirements and specifications on the RS – State Record – please see page 9 of this manual.

The following is a list of **required** data records used to create electronic media W-2 Copy 1 Reports. For technical requirements and specifications on all records **EXCEPT THE RS RECORD**, see the Social Security Administration’s Publication No. 42-007, Specifications for Filing Forms W-2 Electronically (EFW2).

RA – Submitter Record

RE – Employer Record

RW – Employee Wage Record

RS – State Record (Required record for Kentucky reporting, this is optional ONLY for the Social Security Administration and IRS.)

RT- Total Record

RF- Final Record

*See Social Security Administration's Appendix C for record sequence examples
Each RW record **MUST** be followed by an RS record.*

SUBMITTER RECORD:

CODE RA

- The CODE RA record must be the first data record on each file.
- Make the address entries specific enough to ensure proper delivery precisely according to the specifications.
- Identifies the organization submitting the file.
- Describes the file.
- Identifies the organization to be contacted by the SSA.
- Identifies the organization to be contacted by DOR.
- Identifies the means of contact.

**FOR DETAILED TECHNICAL REQUIREMENTS AND SPECIFICATIONS PLEASE REFER
TO THE SOCIAL SECURITY ADMINISTRATION'S PUBLICATION NO. 42-007
SPECIFICATIONS FOR FILING FORMS W-2 ELECTRONICALLY (EFW2)**

EMPLOYER RECORD:

CODE RE

- The CODE RE record identifies the employer whose employee wage and tax information is being reported. Generate a new CODE RE record each time it is necessary to change information in any field on this record.

- DO NOT create a CODE RE record for an employer that does not have at least one employee (CODE RS record) with monies to report.
- If a submission containing multiple employer reports (more than one Code RE record on a submission) is returned for correction, make the necessary correction(s) and return the entire submission to the Kentucky Department of Revenue.

FOR DETAILED TECHNICAL REQUIREMENTS AND SPECIFICATIONS PLEASE REFER TO THE SOCIAL SECURITY ADMINISTRATION'S PUBLICATION NO. 42-007 SPECIFICATIONS FOR FILING FORMS W-2 ELECTRONICALLY (EFW2)

EMPLOYEE WAGE RECORD

EACH RW RECORD MUST BE FOLLOWED BY A RS RECORD

CODE RW and RO

- Following each CODE RE record, include the CODE RW record(s) for that CODE RE record immediately followed by the OPTIONAL RO record(s).
- The RO record is required if one or more of the fields must be completed because the field(s) applies to an employee. If just one field applies, the entire record must be completed.
- **Do not complete a CODE RO record if only blanks and zeros would be entered in positions 3-512.**
- RW records may be intermixed by RW-RO combinations if some employees have information for an RO record and some do not.

FOR DETAILED TECHNICAL REQUIREMENTS AND SPECIFICATIONS PLEASE REFER TO THE SOCIAL SECURITY ADMINISTRATION'S PUBLICATION NO. 42-007 SPECIFICATIONS FOR FILING FORMS W-2 ELECTRONICALLY (EFW2)

STATE RECORD

THERE MUST BE AT LEAST 1 RW RECORD PRECEDING EVERY RS RECORD.

CODE RS

CODE RS identifies the employee information: Social Security Number, Name, Address, City, State, Postal Zip, Kentucky Wages, and Kentucky Withholding Tax. **CODE RS ARE REQUIRED**

REPORTING FOR KENTUCKY. They are optional only for the Social Security Administration and IRS.

CODE RS - State Record			
RS POSITION	FIELD NAME	LENGTH	FIELD SPECIFICATIONS
1-2	Record Identifier	2	Constant "RS".
3-4	State Code	2	Enter the appropriate postal NUMERIC Code. (See Appendix F.) 21 for Kentucky.
5-9	Taxing Entity Code	5	Defined by State/local agency.
10-18	Social Security Number (SSN)	9	Enter the employee's SSN as shown on the original/replacement SSN card issued by SSA. If no SSN is available, enter zeros.
19-33	Employee First Name	15	Enter the employee's first name as shown on the SSN card. Left justify and fill with blanks.
34-48	Employee Middle Name or Initial	15	If applicable, enter the employee's middle name or initial as shown on the SSN card. Left justify and fill with blanks. Otherwise, fill with blanks.
49-68	Employee Last Name	20	Enter the employee's last name as shown on the SSN card. Left justify and fill with blanks.
69-72	Suffix	4	If applicable, enter the employee's alphabetic suffix. For example: SR, JR Left justify and fill with blanks. Otherwise, fill with blanks.
73-94	Location Address	22	Enter the employee's location address (Attention, Suite, Room Number, etc.). Left justify and fill with blanks.
95-116	Delivery Address	22	Enter the employee's delivery address. Left justify and fill with blanks.
117-138	City	22	Enter the employee's city. Left justify and fill with blanks.

CODE RS - State Record			
RS POSITION	FIELD NAME	LENGTH	FIELD SPECIFICATIONS
139-140	State Abbreviation	2	Enter the employee's state or commonwealth/territory. Use a postal abbreviation as shown in Appendix F. For a foreign address, fill with blanks.
141-145	Zip Code	5	Enter the employee's ZIP code. For a foreign address, fill with blanks.
146-149	Zip Code Extension	4	Enter the employee's four-digit extension of the ZIP Code. If not applicable, fill with blanks.
150-154	Blank	5	Fill with blanks. Reserved for SSA use.
155-177	Foreign State/ Province	23	If applicable, enter the employee's foreign state/province. Left justify and fill with blanks. Otherwise, fill with blanks.
178-192	Foreign Postal Code	15	If applicable, enter the employee's foreign postal code. Left justify and fill with blanks. Otherwise, fill with blanks.
193-194	Country Code	2	If one of the following applies, fill with blanks: • One of the 50 States of the U.S.A. • District of Columbia • Military Post Office (MPO) • American Samoa • Guam • Northern Mariana Islands • Puerto Rico • Virgin Islands Otherwise, enter the employee's applicable Country Code. (see Appendix G).

CODE RS - State Record			
RS POSITION	FIELD NAME	LENGTH	FIELD SPECIFICATIONS
195-196	Optional Code	2	Right justify and zero fill. Applies to unemployment reporting.
197-202	Reporting Period	6	Enter the last month and four-digit year for the calendar quarter for which this report applies; e.g., "032017" for January through March of 2017. Applies to Unemployment reporting.
203-213	State Quarterly Unemployment Insurance Total Wages	11	Right justify and zero fill. Applies to Unemployment reporting.
214-224	State Quarterly Unemployment Insurance Total Taxable Wages	11	Right justify and zero fill. Applies to Unemployment reporting.
225-226	Number of Weeks Worked	2	Right justify and zero fill. Applies to Unemployment reporting.
227-234	Date First Employed	8	Enter the month, day and four-digit year; e.g., "01312017." Applies to Unemployment reporting.
235-242	Date of Separation	8	Enter the month, day and four-digit year; e.g., "01312017." Applies to Unemployment reporting.
243-247	Blank	5	Fill with blanks. Reserved for SSA use.
248-267	State Employer Account Number	20	Enter 6 digit state income tax withholding account number (NOT UNEMPLOYMENT INSURANCE NUMBER). Right justify and zero fill. Applies to Income Tax reporting.
268-273	Blank	6	Fill with blanks. Reserved for SSA use.

CODE RS - State Record			
RS POSITION	FIELD NAME	LENGTH	FIELD SPECIFICATIONS
274-275	State Code	2	Enter the appropriate postal NUMERIC code (see Appendix F). 21 for Kentucky. At least 1 KY record must be in the file. Applies to income tax reporting.
276-286	State Taxable Wages	11	Enter the state taxable wages, no negative amounts. Right justify and zero fill. Applies to income tax reporting.
287-297	State Income Tax Withheld	11	Enter the state income tax withheld, no negative amounts. Right justify and zero fill. Applies to income tax reporting.
298-307	Other State Data	10	Right justify and zero fill. Applies to income tax reporting.
308	Tax Type Code	1	Enter the appropriate code for entries in fields 309-330: • C = City Income Tax • D = County Income Tax • E = School District Income Tax • F = Other Income Tax Applies to income tax reporting.
309-319	Local Taxable Wages	11	Right justify and zero fill. Applies to income tax reporting.
320-330	Local Income Tax Withheld	11	Right justify and zero fill. Applies to income tax reporting.
331-337	State Control Number	7	Right justify and zero fill. Applies to income tax reporting.
338-412	Supplemental Data 1	75	Fill with hard spaces.

CODE RS - State Record			
RS POSITION	FIELD NAME	LENGTH	FIELD SPECIFICATIONS
413-487	Supplemental Data 2	75	Fill with hard spaces.
488-512	Blank	25	Fill with blanks. Reserved for SSA use.

TOTAL RECORD

CODE RT, RU, RV

- The CODE RT record must be generated for each CODE RE record.
- The CODE RU record is OPTIONAL, but is REQUIRED if an RO record is prepared.
- If just one field applies, the entire record must be completed.
- Do not complete a CODE RU record if only zeros would be entered in positions 3-512.
- The CODE RV record is OPTIONAL. CODE RV is a new record to be defined by the State unemployment agency.

FOR DETAILED TECHNICAL REQUIREMENTS AND SPECIFICATIONS PLEASE REFER TO THE SOCIAL SECURITY ADMINISTRATION'S PUBLICATION NO. 42-007 SPECIFICATIONS FOR FILING FORMS W-2 ELECTRONICALLY (EFW2)

FINAL RECORD

CODE RF

- Must be the last record on the file and appear only once on the file.
- Do not create a file that contains any data recorded after the CODE RF record.

FOR DETAILED TECHNICAL REQUIREMENTS AND SPECIFICATIONS PLEASE REFER TO THE SOCIAL SECURITY ADMINISTRATION'S PUBLICATION NO. 42-007 SPECIFICATIONS FOR FILING FORMS W-2 ELECTRONICALLY (EFW2)

WEB LINK FOR FORM 42A806 - TRANSMITTER REPORT FOR FILING KENTUCKY WAGE STATEMENTS
<https://revenue.ky.gov/Business/Pages/Employer-Payroll-Withholding.aspx>

WEB LINK FOR FORM 42A808 - AUTHORIZATION TO SUBMIT EMPLOYEES ANNUAL WAGE AND TAX STATEMENTS VIA DOR WEB SITE
<https://revenue.ky.gov/Business/Pages/Employer-Payroll-Withholding.aspx>

FREQUENTLY ASKED QUESTIONS AND ANSWERS

- Q.** My file has employees who have more than one RS record with the same state code, due to the employees paying multiple local taxing areas. My W2 information file (CD or Web Filing) continues to be denied due to this error but I don't know how to correct it.
- A.** The Kentucky Department of Revenue does not require that you report the local tax information; therefore, the RS record that contains ONLY local tax information can be deleted. Make certain that the RS record that remains in your file is the RS record that contains the state information. There can only be one RS record with the same state code per RW record in your file.
- Q.** I sent the Kentucky Department of Revenue an exact copy of the file that I sent to the Social Security Administration. The Social Security Administration accepted my file, but the Kentucky Department of Revenue denied my file (CD or Web Filing) stating that the RW record is not in the correct sequence, the state RS record could be missing.
- A.** Although the Kentucky Department of Revenue follows the federal specification format this does NOT mean that a duplicate copy of your federal media is acceptable. There are differences in the data requirements and some differences in procedural requirements between the federal and state. The state record RS is a mandatory record for the Kentucky Department of Revenue but optional for the federal entities, it MUST be included in the file that is sent to the Kentucky Department of Revenue.
- Q.** My W2 information file (CD or Web Filing) was denied stating that specific lines have "invalid character length." My network administrator/technical staff verified that each line in the file is 512 characters in length; this is the length that is required in the specifications. I don't understand how the line length can be verified as acceptable before the file is sent but the Kentucky Department of Revenue states that it is not correct.
- A.** When a file is created on a mainframe server and transferred to a personal computer, the trailing spaces can be dropped, which causes invalid record length. Make sure your network administrator/technical staff views the file from your personal computer before submitting the corrected file. You may place an "X" in the 512 position of each line to retain the trailing spaces. If you are using a software package that automatically creates your file you will need to contact the software vendor for assistance.

- Q.** Once I submitted my file via the Web, I received a message stating that a confirmation e-mail would be sent within 24 to 48 hours. It has been more than 48 hours and I have not received the confirmation e-mail, what do I need to do?
- A.** Make certain that the e-mail address that was entered for use in the confirmation information process was correct. **If the e-mail address entered was incorrect you will not receive a confirmation e-mail** and will need to contact the Kentucky Department of Revenue at 502-564-7287 for confirmation. If the e-mail address was entered correctly, it may take 24 to 48 hours to receive the confirmation. You will need to contact the Kentucky Department of Revenue at 502-564-7287 to report if confirmation is not received within 48 hours.
- Q.** I am a payroll company that submits wage and tax information for several companies via Web Filing. I am prompted to enter the employer FEIN; however, I have multiple employers on one file. Which employer FEIN do I enter, or do I have to enter each one individually versus all in one file?
- A.** You may submit multiple employers within one file. Enter the first employer FEIN in the file on the page that requests the employer FEIN.
- Q.** My W2 information file was returned to me with this error, “CR CR”, “< >”, “< CR >”. What does this mean?
- A.** A carriage return/line feed is a record delimiter. If you include record delimiters (CR-carriage return, LF-line feed) in the file, they **MUST** follow the last character of each record except the RF record (carriage return in position 513 and line feed in position 514). The ASCII decimal value for a carriage return is 13 and line feed is 10, they **MUST** be in this order. Do **NOT** place a record delimiter before the first record of the file. Do **NOT** place record delimiters after a field within a record.
- Q.** Is it necessary to apply for a PIN for Web Filing each year?
- A.** No. The PIN is valid as long as your Federal Identification Number remains the same. If your Federal Identification Number changes you will need to apply for a new PIN with the Kentucky Department of Revenue.