

# Specifications for Submission of 2017 State and Local Government Tax Exempt Bond Interest Information

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The Connecticut Department of Revenue Services (DRS) is requesting that financial institutions report interest and/or dividends from federally tax exempt securities such as: bonds, mutual funds, money market funds and unit investment trusts of \$10 or more paid to your individual clients who have a Connecticut mailing address.

This submission is in addition to and is separate from the other Connecticut reporting requirements for CT-1099 forms.

This information must be submitted in an electronic format using an acceptable form of digital media. Paper records and electronic images of paper records are not allowed. Submit this data with a transmittal form AU-409, See back page.

The specifications for submission of state and local government bond interest information are based upon a modified version of the IRS guidelines found in Publication 1220 (Rev. 9-2017). The modifications are as follows:

- Use 1099-B format to record earnings from mutual funds, money market funds and unit investment trusts. Report the income as if it were 100% taxable for federal purposes.
- Use a separate "A" record for each fund or bond reported.
- On the "A" record in **positions 26-27**, use code "B" to indicate this is a Form 1099-B to report both Interest and Interest-Dividends, not a code "6".
- Use **positions 44-46** of the payer "A" record to report the total percentage of mutual fund portfolio income distribution attributable to bonds issued by Connecticut, Puerto Rico, Guam, American Samoa, and U.S. Virgin Islands, rounded to the nearest whole number (e.g., 25.40% = '025'; 25.50% = '026'; 99.5 % = '100'). Do not enter decimal place or percentage sign.
- Use **positions 55-66** *Payment Amount 1\*\** of the payee "B" record to report interest and interest-dividend amounts received, including any accrued interest received from the buyer at the time of sale in 2017.
- Use **positions 67-78** *Payment Amount 2\*\** of the payee "B" record to report any accrued interest paid at the time of purchase to the seller in 2017.
- Use **positions 79-90** *Payment Amount 3\*\** of the payee "B" record to report any tax-exempt original issue discount (OID) amount as reported for 2017 on federal form 1099-OID.
- Use **positions 556-568** of the payee "B" record to report the CUSIP number (if one has been assigned to the security). Left-justify, blank-fill. If there is no CUSIP number, enter spaces in the field.
- Use **positions 569-607** of the payee "B" record to report the issuer/security name in the 'DESCRIPTION' field. Left-justify, blank-fill. Enter the complete name of the Mutual fund, Money Market Fund, Unit Investment Trust or Municipal Bond. For example enter *ABC Tax-Free Connecticut Fund*, not just *ABC Tax-Free*.

\*\* The following specifications apply to all dollar value fields:

All dollar value fields are fixed length 12 numeric character fields. Do not use dollar signs (\$) or commas ",". Right-justify, zero-fill. (e.g. \$10,987,654.32 = '001098765432'; \$300 = '00000030000').

Do not use decimal points (.) to indicate dollars and cents. (e.g. \$1,234.56 = '000000123456').

Use double zeroes for cents to pad out whole dollars amounts

(e.g. \$100 = '000000010000'; \$5 = '000000000500'; \$987.65 = '000000098765').

Refer to IRS Publication 1220 "B" record for more details about how to format the Payment Amount Fields.

**Corrections** - To report corrections of a file already transmitted submit another complete file and indicate on the transmittal form that this file is a replacement file.

**Electronic Media Specifications** - File can be transmitted by secure email initiated either by the sender or by contacting DRS to request an outbound secure email that the files can then be attached to in a reply. Allowable physical media is a CD or USB thumb drive (not returned). Magnetic media such as floppy disks, cartridges and tapes are no longer allowed. If physical media is mailed it should be protected from both the risk of data thief and physical damage.

**Due date** - for this submission is: **January 31, 2018**. Submit this data with a transmittal form AU-409, See back page.

Please visit the DRS web page: <http://www.ct.gov/drs/ReportingTEI> for updates and revisions to this document.

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