

# Municipal Bond Payment Reporting Information

## Annual Information Reporting Requirement for Payers and Transmitters

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Income Tax Fact Sheet 19

Fact Sheet

*This fact sheet explains the law and responsibilities for payers and transmitters required to report interest dividend and interest payment information to the Minnesota Department of Revenue.*

### The Law

Regulated investment companies paying \$10 or more in exempt-interest dividends to a Minnesota resident, or anyone receiving \$10 or more in exempt-interest or exempt-interest dividends and paying as nominee to a Minnesota resident, are required to file information returns with the Minnesota Department of Revenue. This new requirement is effective for reports filed after December 31, 2017. (See Minnesota Statute 289A.12, subdivision 14 and Revenue Notice #91-17.)

If you distribute payments of exempt-interest or interest-dividends on federally tax-exempt municipal bond funds, you must complete an online reporting registration form. Go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and type **Municipal Bond Reporting** in the Search box.

### Due Date

The due date for issuing information returns to investors is February 15 following the year of payment.

Information returns for payments of exempt-interest or exempt-interest dividends you made must be electronically transmitted to the department by June 1 of the following year, using our secure online filing system.

If you are unable to submit your returns by the due date, you must send an email by June 1. The email must include the date you expect to file and the reason you are unable to file on time. Email to: [Revenue.MunicipalBondReporting@state.mn.us](mailto:Revenue.MunicipalBondReporting@state.mn.us)

**Note:** You must provide this information separately from other interest or dividend information returns that are generally due each year on March 31.

### Failure to File

If you fail to file a required information return by the due date, you may be assessed a penalty. The penalty is \$50 for each information return, up to a maximum of \$25,000.

In the case of a partnership, S corporation, or fiduciary, the penalty is \$50 for each partner, shareholder, or beneficiary return, up to a maximum of \$25,000.

Additional penalties apply if the failure to file is due to intentional disregard of the filing requirement.

(See Minnesota Statute 289A.60, subdivision 8(a).)

Income Tax and Withholding Division

Phone: 651-556-5071

Email: [Revenue.MunicipalBondReporting@state.mn.us](mailto:Revenue.MunicipalBondReporting@state.mn.us)

### Prior to Filing

You must complete the online reporting registration form on our website. After you submit the form, you will receive an email invitation to join our secure Virtual File Submission Room for uploading your information.

If the email address is no longer valid for an employee that registered in the past, you must still complete the online reporting registration form. We will then send an invitation to join our secure Virtual File Submission Room to that person.

### Specifications for Creating a File

Our format specifications for reporting interest and interest-dividend payments are similar to the IRS specifications for 1099-B reporting found in IRS Publication 1220. Listed below are exceptions to the IRS specifications. For detailed information, see pages 3 through 5:

- Use 1099 -B format to record earnings from mutual funds, money market funds, and unit investment trusts paid to individuals. Report the income as if it were taxable for federal purposes.
- Use a separate “A” record for each fund 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. Do not use a code “6”.
- Use positions 40-44 of the “A” record to report the percentage of mutual fund portfolio income distribution attributable to bonds issued by Minnesota, using 4 decimal places (for example: 94.50% = ‘09450’, 98.17% = ‘09817’, 5.85% = ‘00585’, and 100% = ‘10000’).
- Use positions 47-51 of the “A” record to report the percentage of mutual fund portfolio income distribution attributable to bonds issued by the following U.S. possessions: American Samoa, Puerto Rico, Guam, Virgin Islands, and Northern Mariana Islands. Use 4 decimal places to report the distribution percentage (for example: 0.86% = ‘00086’, 2.37% = ‘00237’, and 28.10% = ‘02810’).
- Enter payment amounts in positions 55-66 of the payee “B” record. Right-justify, zero-fill.
- Enter the CUSIP number of the security in positions 556-568 of the payee “B” record. Left-justify, blank-fill.
- Enter the description of the security, including the fund name and State of issuance in positions 569-607 of the payee “B” record.

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This fact sheet is intended to help you become more familiar with Minnesota tax laws and your rights and responsibilities under the laws. Nothing in this fact sheet supersedes, alters, or otherwise changes any provisions of the tax law, administrative rules, court decisions, or revenue notices. Alternative formats available upon request.

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## Required Information

Your file must include the following information:

- amount of the exempt-interest or interest dividends
- full name of the recipient (payee)
- full address of the recipient
- Social Security number of the recipient
- recipient's account number
- percentage of mutual fund portfolio distribution attributable to bonds issued by Minnesota, containing 4 decimal places (5 digits)
- percentage of mutual fund portfolio distribution attributable to bonds issued by U.S. possessions, containing 4 decimal places (5 digits)
- CUSIP number of the security
- business name of payer
- payer's federal employer identification number (FEIN)
- name of mutual fund or bond (enter the complete name unique to the security, such as ABC Tax-Free Minnesota, not ABC Tax-Free)
- name of contact person who created the electronic file
- phone number of contact person
- email address of the contact person

## Submitting a File

Your file must be in text format following the IRS Form 1099-B specifications. Do not send this data in any other file format, including a zip file format.

The Virtual File Submission Room is a secure method of transmitting your financial data to us. Files are automatically encrypted. Do not encrypt or password protect your data.

## Information and Assistance

Additional forms and information, including fact sheets and frequently asked questions, are available on our website.

Website: [www.revenue.state.mn.us](http://www.revenue.state.mn.us)

Email: [Revenue.MunicipalBondReporting@state.mn.us](mailto:Revenue.MunicipalBondReporting@state.mn.us)

Phone: 651-556-5071

This information is available in alternate formats.

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## Form 1099-B “Hybrid Document” for Minnesota’s Municipal Bond Reporting Requirement

*(Important: Some of the fields and positions differ from the federal Form 1099-B.)*

The state of Minnesota requires use of the standard 750-character text file for reporting the federally tax-exempt interest-dividends from Mutual Funds, Money Market Funds, and Unit Investment Trusts. We require a “T” Record, “A” Record, “B” Record(s), and “F” Record. If your program already is written to include the “C” Record, you may include it in the file. Do not use semi-colons when completing your file.

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### Payer “T” Record and Payer “F” Record – Record Layout

Enter data in the same exact format as all 1099 Record documents per current year federal Publication 1220 instructions.

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### Payer “A” Record – Record Layout

Position	Description	Instructions
1	Record Type	Enter “A.”
2-5	Payment Year	Enter “XXXX”, where XXXX stands for the current year filing period.
6	Combined Filer	Enter blank.
7-11	Blank	Enter blanks.
12-20	Payer TIN	Enter the TIN assigned to the specific Fund or “UIT.”
21-24	Name Control	First four digits of last name or if less than four, left justify blank fill.
25	Last Filing Indicator	Enter “1” if this is the last year this payer name and TIN will file, otherwise enter blank.
26-27	Type of Return	Enter “B” for 1099-B, the state of Minnesota hybrid document
28	Amount Code	Enter “2” for stocks, bonds, etc. (no other 1099-B codes should be listed).
29-39	Blank	Enter blanks.
40-44	Percent Attributable to Minnesota	Enter percentage of mutual or money market fund portfolio income distribution attributable to bonds issued by Minnesota, using 4 decimal places (e.g. 94.50% = ‘09450’, 98.17% = ‘09817’, 5.85% = ‘00585’ and 100% = 10000’)
45-46	Blank	Blank
47-51	Percentage of U.S. Possession	Enter percentage of mutual or money market fund portfolio income distribution attributable to bonds issued by the following U.S. possessions: American Samoa, Puerto Rico, Guam, Virgin Islands, and Northern Mariana Islands. Use 4 decimal places to report the distribution percentage (e.g. 0.86% = ‘00086’, 2.37% = ‘00237’, 28.10% = ‘02810’). If your company does not capture the income distribution percentage attributable to U.S. possessions, zero fill the field.
52	Foreign Entity Indicator	Enter a “1” if the payer is a foreign entity and income is paid by the foreign entity to a U.S. resident. Otherwise, enter a blank.
53-92	First Payer Name Line	<b>Required.</b> Enter the name of the payer whose TIN appears in positions 12-20 of the “A” Record.
93-132	Second Payer Name Line	If the Transfer (or Paying) Agent Indicator (position 133) contains a “1,” this field must contain the name of the transfer (or paying) agent. If the indicator contains a “0” (zero), this field may contain either a continuation of the First Payer Name Line or blanks.
133	Transfer Agent Indicator	<b>Required.</b> Identifies the entity in the Second Payer Name Line field. The indicator can be either a “1” or “0” (zero). The 1 means the entity in the Second Payer Name Line field is the transfer (or paying) agent. The zero means the entity is not the transfer (or paying) agent.
134-173	Payer Shipping Address	<b>Required.</b> If the Transfer Agent Indicator in position 133 is a “1” (one), enter the shipping address of the transfer (or paying) agent. Otherwise, enter the actual shipping address of the payer. The street address should include number, street, apartment or suite number, or PO Box if mail is not delivered to a street address. Left justify information, and fill unused positions with blanks.

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## Payer “A” Record – Record Layout (continued)

Position	Description	Instructions
174-213	Payer City	<b>Required.</b> If the Transfer Agent Indicator in position 133 is a “1” (one), enter the city, town, or post office of the transfer agent. Otherwise, enter the city, town, or post office of the payer. Left-justify information, and fill unused positions with blanks. Do not enter state and ZIP Code information in this field.
214-215	Payer State	<b>Required.</b> Enter the valid U.S. Postal Service state abbreviations. Refer to the chart of valid state abbreviations in Part A, Sec. 12 of federal Publication 1220.
216-224	Payer ZIP Code	<b>Required.</b> Enter the valid nine-digit ZIP Code assigned by the U.S. Postal Service. If only the first five-digits are known, left-justify information and fill the unused positions with blanks.
225-239	Payer’s Telephone Number	Enter the payer’s telephone number and extension. Omit hyphens. Left-justify information and fill unused positions with blanks.
240-499	Blank	Enter blanks.
500-507	Record Sequence Number	<b>Required.</b> Enter the number of the record as it appears within your file. The record sequence number for the “T” Record will always be “1” (one), since it is the first record on your file and you can have only one “T” Record in a file. Each record thereafter must be incremented by one in ascending sequence, i.e. 2, 3,4, etc. Right-justify numbers with leading zeros in the field (e.g., the “T” Record sequence would appear as “00000001” in the field, the first “A” Record would be “00000002,” the first “B” Record, “00000003,” the second “B” Record, “00000004” and so on until you reach the final record of the file, the “F” Record).
508-748	Blank	Enter blanks.
749-750	Blank	Enter blanks or carriage return/line feed (CR/LF) characters.

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## Payer “B” Record – Record Layout

Position	Description	Instructions
1	Record Type	Enter “B.”
2-5	Payment Year	Enter “XXXX,” where XXXX stands for the current year filing period.
6	Corrected Reason Indicator	<b>Required for corrections only.</b> Blank if not being submitted to correct information.
7-10	Name Control	If determinable, enter the first four characters of the surname of the person whose TIN is being reported in positions 12-20 of the “B” Record; otherwise, <b>enter blanks.</b>
11	Type of TIN	1 = EIN 2 = SSN 2 = ITIN 2 = ATIN Blank = N/A If the type of TIN is not determinable, enter a blank.
12-20	Payee’s Taxpayer Identification Number (TIN)	<b>Required.</b> Enter the nine-digit Taxpayer Identification Number of the payee (SSN, ITIN, ATIN, or EIN). If an ID number has been applied for but not received, enter blanks. <b>Do not enter hyphens or alpha characters.</b>
21-40	Payer’s Account # for Payee	<b>Required if submitting more than one information return of the same type for the same payee.</b> Enter any number assigned by the payer to the payee that can be used by the IRS to distinguish between information returns.
41-44	Payer’s Office Code	Enter office code of payer; otherwise, enter blanks. For payers with multiple locations, this field may be used to identify the location of the office submitting the information return.
45-54	Blank	Enter blanks.
55-66	Payment Amount 1	Enter dollars and cents of the federally tax exempt interest-dividend payment. The right-most two positions represent cents in the payment amount fields. <b>Do not enter dollar signs, commas, plus signs (+), decimal points, or negative payments.</b>

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## Payer “B” Record – Record Layout (continued)

Position	Description	Instructions
67-78	Payment Amount 2	Enter zeros (0’s). On a federal Form 1099-B the Stock, Bond payment would go here, but <b>do not enter any dollar amount here.</b>
79-246	IRS Other Payment Amounts	Enter zeros (0’s).
247	Foreign Country Indicator	<b>If the address of the payee is in a foreign country, enter a “1” (one) in this field;</b> otherwise enter blank.
248-287	First Payee Name Line	<b>Required.</b> Enter the name of the payee (preferably surname first) whose Taxpayer Identification Number (TIN) was provided in positions 12-20 of the Payee “B” Record. Left-justify and fill unused positions with blanks.
288-327	Second Payee Name Line	If there are multiple payees (e.g., partners, joint owners, or spouses), use this field for those names not associated with the TIN provided in positions 12-20 of the “B” Record, or if not continue the name in this field. Left-justify and fill unused positions with blanks.
328-367	Blank	Enter blanks.
368-407	Payee Mailing Address	<b>Required.</b> Enter mailing address of payee. Street address should include number, street, apartment or suite number, or PO Box if mail is not delivered to street address. This field <b>must not</b> contain any data other than the payee’s mailing address.
408-447	Blank	Enter blanks.
448-487	Payee City	<b>Required.</b> Enter the city, town, or post office. Left-justify information and fill unused positions with blanks. Enter APO or FPO if applicable. Do not enter state and ZIP Code information in this field.
488-489	Payee State	<b>Required.</b> Enter the valid U.S. Postal Service state abbreviations for states or the appropriate postal identifier (AA, AE or AP) described in Part A, Sec. 12 of federal Publication 1220.
490-498	Payee Zip Code	<b>Required.</b> Enter the valid ZIP Code (nine or five-digit) assigned by the U.S. Postal Service. If only the first five digits are known, left-justify information and fill the unused positions with blanks.
499	Blank	Enter blank.
500-507	Record Sequence Number	<b>Required.</b> Enter the number of the record as it appears within your file. The record sequence number for the “T” Record will always be “1” (one), since it is the first record on your file and you can have only one “T” Record in a file. Each record thereafter must be incremented by one in ascending numerical sequence, i.e., 2, 3, 4, etc.
508-555	Blank	Enter blanks.
556-568	CUSIP Number	Enter the CUSIP (Committee on Uniform Security Identification Procedures) number of the Mutual Fund, Money Market Fund or Unit Investment Trust reported for amount Code 1. Enter “0s” (zeros) if the number is not available. <b>Left-justify</b> information and fill unused positions with blanks.
569-607	Description	Enter the complete name of the Mutual fund, Money Market Fund, Unit Investment Trust or Municipal Bond. For example enter ABC Tax-Free Minnesota Fund, not just ABC Tax-Free Fund. It is <b>required</b> that any Fund or Bond attributable to Minnesota contain the word Minnesota in its description. You may also use the standard Postal Service state acronym of MN. Please avoid using other abbreviations.
608-662	Blank	Enter blanks.
663-722	Special Data Entries	This portion of the “B” Record may be used to record information for state reporting or for the filer’s own purposes. If this field is not utilized, enter blanks.
723-750	Blank	Enter blanks.