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**Commonwealth of Massachusetts**

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**Department of Revenue**

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# **Tax Year 2016 W-2 Handbook**

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## Who must file a W-2 annual reconciliation in Massachusetts?

If an employer is required to file a Form W-2 for federal income tax purposes and the employer reported Massachusetts wages on the Form W-2, the employer must file the Form W-2 and the annual reconciliation with the Massachusetts Department of Revenue. Massachusetts wages are defined as those wages subject to taxation under M.G.L. c. 62.

### An employer must file a W-2 annual reconciliation if it fits one of the following categories:

1. A Massachusetts employer;
2. A non-Massachusetts employer paying wages to one or more Massachusetts residents if the employer maintains an office or conducts business in Massachusetts;
3. A non-Massachusetts employer paying wages to one or more non-resident employees who perform services in Massachusetts if the employer maintains an office or conducts business in Massachusetts; and
4. A non-Massachusetts employer who withholds Massachusetts income tax, even if withholding is being done voluntarily, as a courtesy to the employee.

Please see “[A Guide to Withholding of Taxes on Wages](#)” for more information about which employers must withhold Massachusetts income tax.

**The annual reconciliation of Form W-2 wages and withholding should be reported to the Commonwealth of Massachusetts using the guidelines detailed on the following pages.**

### WHAT'S NEW

#### Due Date

The due date for submitting copies of Form W-2 to the Massachusetts Department of Revenue is being changed to **January 31<sup>st</sup>**. This is the same date the information is due to SSA and IRS.

#### Record Changes

The Location Address Field (positions 274-295) of the **RA Submitter Record** is no longer a required field.

## General Information

### [Social Security Administration's EFW2](#)

The Massachusetts Department of Revenue (DOR) has based this Tax Year 2016 W-2 Handbook on the Social Security Administration's (SSA) [Specifications for Filing Forms W-2 Electronically - EFW2](#) (formally MMREF). To see what's new for this year, as well as any changes for Tax Year 2016, please visit SSA's web site.

### Important – [Directive 07-2](#) Information

[Directive 07-2](#) re-establishes a requirement, suspended by [Directive 97-1](#), that employers not filing in a machine-readable form must file the W-2 and annual reconciliation information on paper. It also changes the threshold above which employers must file in a machine-readable form. Any employer filing 50 or more forms W-2 must submit the file in a "machine-readable form".

[Directive 09-8](#) has modified the definition of "machine-readable form" to include file uploads through [MassTaxConnect](#) and electronic data transfer. **DOR will no longer accept 18-track 3480 tape cartridge, 9 track tapes or diskettes.** These files are due by January 31, 2017.

[Directive 97-1](#), which eliminated the Department's filing requirements for employers below the threshold for filing W-2s in a machine-readable form, is hereby repealed. As a result, all employers below the mandated machine-readable filing threshold and filing 49 or less W-2s must file forms W-2 with the Department of Revenue, either electronically or on paper. Paper copies of forms W-2 must be accompanied by reconciliation forms [M-3](#) or [M-3M](#) and must be filed on or before January 31, 2017. Reconciliation forms [M-3](#) and [M-3M](#) and filing instructions are available at the Department's website, [www.mass.gov/dor](http://www.mass.gov/dor) or the Department will mail paper copies upon request. If you file in a "machine-readable form", forms [M-3](#) and [M-3M](#) **do not** have to be sent to the Department of Revenue.

## Terminating Business

If you terminate your business during the year, you must do the following:

- File W-2s by the last day of the month that follows the due date of your final Massachusetts Employer's Return of Income Taxes
- Issue W-2 copies to employees by the due date of the final MA Form 941
- Enter a "1" in the RE Employer Record, position 26 when you submit your final W-2 file
- To close your Massachusetts business registration contact DOR's Customer Service Bureau at 617-887-6367.

## Filing Information

Form W-2 information files sent in a machine readable form are due by January 31, 2017.

Form W-2s sent on paper with the accompanying form [M-3](#) or form [M-3M](#) are due by January 31, 2017.

## Paper W-2 Mailing Addresses

Paper W-2s should be sent to:

**Massachusetts Department of Revenue  
Forms W-2  
PO Box 7015  
Boston, MA 02204**

## W-2 Corrections

W-2 corrections may be filed on paper regardless of the number corrected.

Send all corrected W-2c forms to:

**Massachusetts Department of Revenue  
W-2 Corrections  
PO Box 7030  
Boston, MA 02204**

## Extension to File W-2s

Extensions of time to file your W-2s may be requested in writing prior to January 31, 2017. Please include a fax number, the name of your organization's contact, and an e-mail address. Send your written requests to:

**Massachusetts Department of Revenue  
W-2 Extension Request  
PO Box 7084  
Boston, MA 02204**

## Mapped Data Upload

For those employers with less than 600 employees we now offer Mapped Data Upload. Use this option if your W-2 data is captured in an accounting software application, including customized spreadsheets, to map and export your data directly to the Department of Revenue. Log in to [MTC](#) and go to Show More Options and select Submit Reports.

## Frequently Encountered File Problems

Below are the most frequently encountered problems with W-2 files submitted to the Department of Revenue. These problems will require the file to be corrected and resubmitted.

### § The key numbers included in the following three records are incorrect

**Submitter Identification Number  
Code RA Submitter Record**

**Employer Identification Number  
Code RE Employer Record**

**Employee Social Security Number  
Code RS State Record**

### § Non numeric characters and/or blanks or spaces found in numeric-only fields

If a non-numeric character and/or blank or space is found in one of the above fields, the file will be rejected.

### § The file submitted does not contain a Code RS State Record

The Code RS Record contains required Massachusetts income and withholding data. Failure to submit this record will result in the file being rejected.

### § The file does not conform to the Massachusetts file specifications

These W-2 specifications are based on the [SSA EFW2](#), but contain differences for Massachusetts. The SSA TIB-4 is no longer acceptable for filing Form W-2 data.

### § Incorrect Code RT Record Programming

The Massachusetts Code RT Total Record must total the amount reported in the Code RS State Record. Many filers incorrectly enter totals from the SSA Code RW Wage Record, which is not required for Massachusetts W-2 reporting.

### § Incorrect Code RT Record Totals

DOR totals each field in the RS State Record. If the figures do not match the totals you enter in the RT Total Record the file will be rejected.

## **Record Types for State Reporting:**

The following are the records required to be filed with the Massachusetts Department of Revenue. Most of the required information is in the same record and location (or position) as found in the [SSA EFW2](#).

### **“RA” Submitter Record**

This is the first record on each file. RA records are required. The RA record identifies the organization submitting the file. This record is substantially the same as it is for the [SSA EFW2](#). Key fields must be filled in to pass validation:

**Submitter Name**  
**EIN**  
**Address**  
**City and State**

The EIN on the “RA” record **must match** the EIN of the [MassTaxConnect](#) user. The “RE” record might be different, because it reflects the information of the file being sent.

### **“RE” Employer Record**

This record identifies the employer paying the wages for the employees in the later RS record. RE records are required. The following key fields must be filled in to pass validation:

**Employer EIN**  
**Name**  
**Address**  
**City and State**

### **“RS” Employee State Record**

These records are required. Be sure to only submit those RS Records that report state wages taxable to Massachusetts. The following key fields must be filled to pass validation:

**Employee SSN**  
**Last Name**  
**Taxable Wages**  
**Withholding Tax**

The total of all wages and of all state withholding listed in the RS record must match the total wages and withholding reported in the RT record.

The total number of employees listed in the RS record must match the total number of employees reported in the RT record.

## **“RT” Total Employer Record**

This record is required. The following key fields must be filled in to pass validation:

**Total Number of “RS” Records**  
**Total State Taxable Wages**  
**Total State Withholding Tax**

### **Important Notice:**

Location 10-24 in the RT Record should be the value equal to the sum of all state taxable wages in the RS Record. The state taxable wages are in the RS Record - location 276-286. DOR adds all the wages for the Employees and matches that figure to what is on the RT Record.

Location 25 –39 in the RT Record should equal the sum of all the state tax withheld in the RS Record. The state tax withheld is in the RS Record - location 287-297.

## **Optional Record Types**

### **“RW” Federal Employee Records**

These records are optional.

### **“RO” Employee Records**

These records are optional

### **“RU” Total Record**

This record is optional.

### **“RF” Final Record**

This record is optional.

### **“RV” Record**

This record is optional

## **Records Retention**

Employers must retain the W-2 files for at least three years from the due date of the filing.

## **Frequently Asked Questions**

### **Which withholding records should employers retain?**

§ Retained withholding records should include the following:

§ The name, address, occupation and social security number of each employee

§ The amount and date of all payments of wages, the periods of services covered by such payments and the amount of taxes withheld

§ Employees' statements of tips received

§ Employees' withholding exemption certificates (forms W-4 and M-4)

§ Employer's copies of employees' Wage and Tax Statements (form W-2)

§ Copies of all withholding returns filed with the Department of Revenue

**How long should withholding records be kept?**

§ It is the employer's responsibility to retain all records pertaining to withholding for at least three years after the date the return was filed or the date it was required to be filed, whichever is later

§ There is no limitation on the period for which DOR may request records if an employer failed to file a return or filed false or fraudulent returns

Further information about retaining records is available in [Regulation 830 CMR 62C.25.1](#)

## File Specifications

<b>RA – Submitter Record</b>			
<b>Location</b>	<b>Field</b>	<b>Length</b>	<b>Comments</b>
1-2	Record Identifier	2	Constant “RA”
3-11	Submitter’s Employer Identification Number (EIN)	9	Enter the submitter’s EIN. This EIN should match the EIN used to log in to MassTaxConnect.
12-19	User Identification	8	This is a required field. Enter the Eight character User ID assigned to the employee who is attesting to the accuracy of this file.
20-23	Software Vendor Code	4	Enter the numeric four-digit Software Vendor Identification Code assigned by the National Association of Computerized Processors (NATCP).
24-28	Blanks	5	Filled with Blanks
29	Resubmission Indicator	1	Enter a “1” if this file is being resubmitted. Otherwise, enter a “0”.
30-37	Blank	8	Fill with blanks.
38-94	Company Name	57	Enter the name of the company to receive EFW2 annual filing instructions. Left justify and fill with blanks.
95-116	Location Address	22	Enter the company’s location address (Attention, Suite, Room Number, etc.) Left justify and fill with blanks.
117-138	Delivery Address	22	Enter the company’s city. Left justify and fill with blanks.
139-160	City	22	Enter the company’s city (even if a foreign city). Left justify and fill with blanks.
161-162	State Abbreviation	2	Enter the company’s state. For a foreign address, fill with blanks.
163-167	ZIP Code	5	Enter the company’s ZIP Code. For a foreign address, fill with blanks.
168-171	ZIP Code Extension	4	Enter the company’s four-digit ZIP Code extension. If not applicable, or for a foreign address, fill with blanks.
172-176	Blank	5	Fill with blanks
177-199	Foreign State/Province	23	Enter the company’s foreign state/province. If not applicable, fill with blanks.

<b>RA – Submitter Record</b>			
200-214	Foreign Postal Code	15	Enter the company's foreign postal code. If not applicable, fill with blanks.
215-216	Country Code	2	Enter the company's foreign county code (EFW2, appendix G). If not applicable, fill with blanks.
217-273	Submitter Name	57	Enter the name of the submitter to receive notification if this file cannot be processed. Left justify and fill with blanks.
274-295	Location Address	22	Enter the submitter's location address (Attention, Suite, Room, Number, etc.) Left justify and fill with blanks.
296-317	Delivery Address	22	Enter the submitter's delivery address (Street or Post Office Box). Left justify and fill with blanks.
318-339	City	22	Enter the submitter's city (even if a foreign city). Left justify and fill with blanks.
340-341	State Abbreviation	2	Enter the submitter's state. Use a postal abbreviation as shown in appendix A of the EFW2. For a foreign address fill with blanks.
342-346	ZIP Code	5	Enter the submitter's ZIP Code. For a foreign address fill with blanks.
347-350	ZIP Code Extension	4	Enter the submitter's four-digit ZIP Code extension. If not applicable, fill with blanks.
351-355	Blank	45	Fill with blanks.
356-378	Foreign State/Province	23	Enter the submitter's foreign state/province. If not applicable, fill with blanks.
379-393	Foreign Postal Code	15	Enter the submitter's foreign postal code. If not applicable, fill with blanks.
394-395	Country Code	2	Enter the submitter's foreign county code (See EFW2, Appendix G). If not applicable, fill with blanks.
396-422	Contact Name	27	Enter the name of the person to be contacted by DOR concerning processing problems. Left justify and fill with blanks.
423-437	Contact Phone Number	15	Enter the contact's telephone number (including area code). Left justify and fill with blanks.
438-442	Contact Phone Extension	5	Enter the contact's telephone extension. Left justify and fill with blanks.
443-445	Blank	3	Fill with blanks
446-485	Contact E-Mail	40	Enter the contact's e-mail address. Left justify and fill with blanks. Otherwise, fill with blanks.

<b>RA – Submitter Record</b>			
486-488	Blank	3	Fill with blanks
489-498	Contact Fax	10	(For U.S. and U.S Territories Only) If Applicable, enter the contact's fax number, including area code. Otherwise, fill with blanks.
499	Blank	1	Fill with blanks
500	Preparer Code	1	Enter code to indicate who prepared the file. A (Accounting Firm) S (Service Bureau) L (Self-Prepared) P (Parent Company) O (Other)
501-512	Blank	12	Fill with Blanks

<b>RE – Employer Record</b>			
<b>Location</b>	<b>Field</b>	<b>Length</b>	<b>Comments</b>
1-2	Record Identifier	2	Constant “RE”
3-6	Tax Year	4	Enter the tax year for this report. Enter NUMERIC characters only.
7	Agent Indicator Code	1	If applicable, enter one of the following codes: “1” 2678 agent “2” Common Pay Master Otherwise fill with blanks.
8-16	Employer/Agent Employer Identification Number (EIN)	9	If you entered a code in the agent Indicator Code field (position 7) enter your agent EIN. Otherwise, enter your employer EIN.
17-25	Agent for EIN	9	If you entered a “1” in the Agent Indicator Code field (position 7), enter the employer’s EIN for which you are an Agent. Otherwise, fill with blanks.
26	Terminating Business Indicator	1	Enter “1” if you have terminated your business during this tax year. Otherwise, enter “0”.
27-30	Blank	4	Leave blank
31-39	Other EIN	9	For this tax year, if you submitted W-2 data to DOR and you used an EIN different from the EIN in location 8-16 enter the other EIN. Otherwise leave blank.
40-96	Employer Name	57	If you entered a “1” in location 7, agent Indicator Code field, enter the Employer name associated with the EIN in location 17-25. If you entered a “2” in location 7, enter the employer name associated with the EIN in location 8-16. If you entered a “blank” in location 7, enter the employer name associated With the EIN in location 8-16.
97-118	Location Address	22	Enter the employer’s location address (Attention, Suite, Room, Number, etc.). Left justify and fill with blanks.
119-140	Delivery Address	22	Enter the employer’s mailing address (Street or Post Office box). Left justify and fill with blanks.
141-162	City	22	Enter the employer’s city (even if a foreign city). Left justify and fill with blanks.
163-164	State Abbreviation	2	Enter the employer’s state. Use a postal abbreviation as shown in Appendix A of EFW2. For a foreign address, fill with blanks.

<b>RE – Employer Record</b>			
165-169	ZIP Code	5	Enter the employer’s ZIP Code. For a foreign address fill with blanks.
170-173	ZIP Code Extension	4	Enter the employer’s four-digit ZIP Code extension. For a foreign address, fill with blanks.
174	Kind of Employer	1	Enter the appropriate kind of employer.
175-178	Blank	4	Fill with blanks.
179-201	Foreign State/Province	23	Enter the employer’s foreign state/province. If not applicable, fill with blanks.
202-216	Foreign Postal Code	15	Enter the employer’s foreign postal code. If not applicable, fill with blanks.
217-218	Country Code	2	Enter the employer’s foreign country code (appendix G). If not applicable, fill with blanks.
219	Employment Code	1	“A” Agriculture “H” Household “M” Military “Q” Medicare Qualified Government Employment “X” railroad “R” Regular (All others)
220	Tax Jurisdiction Code	1	Enter the code that identifies the type of income tax withheld from the employee’s earnings.
221	Third Party Sick Pay Indicator	1	Enter “1” for sick pay indicator, Otherwise, enter “0” (zero)
222-248	Employer Contact Name	27	Enter Employer Contact Name
249-263	Employer Contact Phone Number	15	Enter Employer Contact Phone Number
264-268	Enter Employer Contact Phone Extension	5	Enter Employer Contact Phone Extension
269-278	Enter Employer Contact Fax Number	10	Enter Employer Contact Fax Number
279-318	Enter Employer Contact E-Mail/Internet	40	Enter Employer Contact E-Mail/Internet
319-512	Blank	194	Fill with blanks

**Please note: the instructions for the employer name in location 40-96 differs from the [EFW2](#)**

<b>RS – State Record</b>			
<b>Location</b>	<b>Field</b>	<b>Length</b>	<b>Comments</b>
1-2	Record Identifier	2	Constant “RS”
3-4	State Code	2	“25” for MA
5-9	Blank	5	Fill with blanks
10-18	Social Security Number (SSN)	9	Enter the employee’s Social Security number as shown on the original/replacement SSN card issued by the SSA. If SSN not available, enter zeroes.
19-33	Employee First Name	15	Enter the employee’s first name as shown on the Social Security 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 exactly as shown on the Social Security 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 Social Security card. Left justify and fill with blanks.
69-72	Name Suffix	4	If applicable, enter the employee’s alphabetic suffix. For example: SR. JR. Left justifies and fills 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 address. Left justify and fill with blanks.
117-138	City	22	Enter the employee’s city. Left justify and fill with blanks.
139-140	State Abbreviation	2	Enter the employee’s state.
141-145	ZIP Code	5	Enter the employee’s ZIP Code. For foreign address, fill with blanks.
146-149	ZIP Code Extension	4	Enter the employee’s four-digit ZIP Code extension. If not applicable, fill with blanks.
150-273	Blank	124	Fill with blanks
274-275	State Code	2	Enter the numeric code “25” for Massachusetts.
276-286	State Taxable Wages	11	Right justifies and zero fill. (See note 1 below).
287-297	State Income Tax Withheld	11	Right justifies and zero fill. (See note 1 below).
298-337	Blank	40	Leave blank

<b>RS – State Record</b>			
338-348	Blank	11	Leave blank
349-359	Blank	11	Leave blank
360-370	Blank	11	Leave blank
371-512	Blank	142	Leave blank

**Note 1: The following applies to an employee who only has Massachusetts taxable wages and is subject only to Massachusetts income tax withholding.**

The amount entered in positions 276-286, State Taxable Wages, should match the amount in Box 16 of the Form W-2 issued to the employee.

The amount in positions 287-297, State Income Tax Withheld, should match the amount in Box 17 of the Form W-2 issued to the employee.

**Note 2: The following applies to an employee whose wages were taxable in Massachusetts for only PART of the year:**

The amount in positions 276-286, State Taxable Wages, should be the amount taxable **ONLY** in Massachusetts.

Do not include any amounts not taxable to Massachusetts – ex: an employee was transferred to Massachusetts from Idaho and began working in Massachusetts on October 1. You would report only the wages for October, November, and December in the State Taxable Wages field.

The amount in positions 287-297, State Income Tax Withheld, should be the amount withheld for Massachusetts income tax only. Do not include any amounts withheld for other states.

<b>RT – Total Record</b>			
<b>Location</b>	<b>Field</b>	<b>Length</b>	<b>Comments</b>
1-2	Record Identifier	2	Constant “RT”
3-9	Number of RS Records	7	Code RS records reported since the last employer record Code RE. Right justify and zero fill
10-24	State Taxable Wages	15	Enter the total for all employee records Code RS reported on Code RE. Right justifies and zero fill.
25-39	State Income Tax Withheld	15	Enter the total for all employee records Code RS reported since the last employer record Code RE. Right justifies and zero fill.
40-84	Blank	45	Blank
85-99	Blank	15	Blank
100-114	Blank	15	Blank
115-129	Blank	15	Blank
130-512	Blank	383	Blank

**The Massachusetts RT Total Record should only include amounts from the RS State Record. Do NOT use record total amounts found in the Federal RW Wage Record.**

<b>RF - Final Record</b>			
<b>Location</b>	<b>Field</b>	<b>Length</b>	<b>Comments</b>
1-2	Record Identifier	2	Constant "RF"
3-7	Blank	5	Fill with blanks
8-16	Number of RS Records	9	Enter the total number of Code RW records reported on the entire file. Right justifies and zero fill.
17-512	Blank	496	Fill with blanks