

Annual W-2 and 1099 Reporting

Pub 701
Revised: Jan. 2020

This publication contains information about submitting federal Forms W-2, W-2c, W-2G, and 1099 with Arizona Forms A1-R or A1-APR. For complete details, refer to the Arizona Revised Statutes (A.R.S.). In case of inconsistency or omission in this publication, the A.R.S. will prevail.

Electronic Filing of Withholding Tax Returns

Arizona Revised Statutes (A.R.S.) § 43-323(F) requires withholding returns to be filed electronically for taxable years beginning from and after December 31, 2019, or when the department establishes an electronic filing program. Any employer required to file its withholding return electronically and cannot, may request an electronic filing and paying waiver, see Form 292, Electronic Filing and Payment Waiver Application.

A waiver is not required if the withholding return cannot be electronically filed for reasons beyond the employer's control, including situations in which the employer was instructed by the Internal Revenue Service (IRS), or the Arizona Department of Revenue (ADOR) to file by paper

Electronic Reporting for federal Forms W-2, W 2c, W-2G and 1099

Effective January 17, 2020, employers may submit Arizona Withholding Tax Annual Reconciliation Forms A1-R and A1-APR and the accompanying federal Forms W-2 and/or 1099 electronically for the 2019 tax year.

Electronic submission options are as follows:

1. Employers may upload W-2s and 1099s through AZTaxes.gov. The employer will key in the information from Form A1-R and upload a text file containing the W-2 or 1099 data. The text file format is the same format required by the Social Security Administration and IRS.
2. Payroll companies can upload their Arizona Forms A1-R and W-2 through the AZFSET portal at <https://efile.AZTaxes.gov/AZFSETPortal>.
3. Although the department prefers that employers upload the data, employers with 50 employees or less can key W-2 and 1099 data into the department's interactive entry form located on www.AZTaxes.gov.

Please contact azefile@azdor.gov if you need help in electronically submitting your Arizona withholding return.

Paper W-2 submissions or sending a secure CD, DVD or flash drive with the SSA formatted text file is still available for tax year 2019. Beginning with the 2020 tax year (due January 31, 2021), all W-2s and 1099s must be submitted electronically.

For additional information on reporting W-2 or 1099 information by CD, DVD, or flash drive, refer to the section *Optical Media Specifications* of this document.

For more information, please call (602) 255-3381 or email questions to MediaLibrarian@azdor.gov.

Filing Requirements

Federal Forms W-2 and W-2c reporting Arizona wages and/or Arizona income tax withholding, and federal Forms W-2G or 1099 (reporting Arizona income tax withheld) are an integral part of the reconciliation for Arizona Form A1-R, Withholding Reconciliation Tax Return, and Arizona Form A1-APR, Annual Payment Withholding Tax Return. The filing due date for the federal forms is on or before January 31, or the extended due date of the withholding tax return.

- Submit federal Forms W-2 and W-2c reporting Arizona wages and/or Arizona income tax withheld.
- Submit any federal Form 1099 or W-2G reporting Arizona income tax withheld. Forms 1099 and W-2G NOT reporting Arizona income tax withheld are not required to be submitted to the department.

NOTE: Arizona law states that all amounts withheld are to be treated as if the withholding was from wages paid to an employee. If you file federal Form 941 or Form 944 to report federal withholding on Arizona wages and federal Form 945 to report federal withholding on Arizona non-wage payments for the same Employer Identification Number (EIN), file one Arizona Form A1-R, or one Arizona Form A1-APR to report and reconcile your total Arizona withholding for the year, regardless of the source of that withholding. Do not file more than one original Arizona Form A1-R or Arizona Form A1-APR for the same EIN for the calendar year.

Electronic Submission of Federal Forms W-2 and W-2c

1. Federal Forms W-2 and W-2c submitted electronically must conform to the current Social Security Administration (SSA) specifications published in SSA Publications 42-007 (Form W-2) and 42-014 (Form W-2c).
2. File all records coded for Arizona. Include the Supplemental State Record (RS-State Record). See the Record Layout in Appendix X1 for detailed ADOR requirements.
3. In the RS-State Record, positions 298-307, provide the employer's EIN as the State ID number. Zero fill to the left.

Electronic Submission of Federal Forms W-2G and 1099

1. Federal Forms W-2G and 1099 submitted to ADOR must conform to the current IRS specifications published in IRS Publication 1220.
2. ADOR requires the Payee “B” record if taxes were withheld for Arizona.
3. When submitting electronically, ADOR requires 1099 files to be submitted by form type.

FILING TIPS

Include All of the Following:

- Arizona withholding tax number. Each wage and information return reportable to Arizona must include the employer or payer’s federal Employer Identification Number (EIN).
- Full taxpayer identification number. Do not truncate the employees’ SSNs on Form W-2 and/or Form 1099. A filer may not truncate a payee’s identification number on any forms filed with the IRS or with state or local governments. A filer’s identification number may not be truncated on any form.
- “RT” (Total) record for W-2 files in EFW2 format.
- Arizona state code is 04 in RS-State Records (EFW2 file) and Payee “B” records (IRS formatted file) that are reportable to Arizona.
- A state code in field position 683-684 of 1099 Payee “B” record.

Employers granted an exemption from filing electronically

An employers granted an exemption from filing its withholding return electronically, or directed NOT to file electronically by the IRS or by the department, may submit federal Forms W-2, W-2c, W-2G and 1099 by paper or by optical media.

- Those exempted employers choosing to submit federal Forms by paper, attach the federal Forms to your paper return (Arizona Form A1-R or A1-APR).
- Those exempted employers choosing to submit federal forms by optical media, follow the instructions below under *Optical Media Specifications*.

Formatting

For complete formats and business rules for electronically submitting federal Forms W-2, W-2c, W-2G and 1099, click here: <https://azdor.gov/e-services/e-services-withholding>.

Optical Media Specifications

NOTE: Only the federal attachments to the withholding tax return may be filed via optical media. The withholding tax return must be filed electronically or by paper. If filed by paper, the withholding tax return must be sent to the address on the form.

- ADOR will accept ONLY CD-ROMs, DVDs or flash

drives. Cartridge and reel tapes and floppy disks will NOT be accepted.

- Create the CD-ROM, DVD or flash drive using the format for Windows 7 or later operating system.
- Include an external label to identify the employer’s name, Employer Identification Number (EIN), calendar year and form(s) included on the CD-ROM, DVD or flash drive.
- If the CD-ROM, DVD or flash drive is password protected, include the email address the password originated from on the external label. E-mail the password to MediaLibrarian@azdor.gov. Include “Form W-2” or “Form 1099” (or both, whichever applies) in the subject line of the email.
- Secure the CD-ROM, DVD or flash drive in a hard case and include it with Form A1-R or Form A1-APR.
- Do not submit test media. These are not required and we will not return them to you.

Reporting Federal Form W-2 and Form W-2c with Arizona wages and/or Arizona income tax withheld

1. Optical media Forms W-2 and W-2c submitted to ADOR must conform to the current SSA specifications in Publications 42-007 (Form W-2) and 42-014 (Form W-2C).
2. For calendar year 2019, if you submit only some of the required returns using this media, include a statement that you are filing the remaining returns on paper. Do not file twice for the same individual using both optical media and paper.
3. You must file all records coded for the state. Include the Supplemental State Record (RS-State Record).
4. In the RS-State Record, positions 298-307, provide the employer’s EIN as the State ID number; zero fill to the left. This change will not be required until tax year 2020.

Reporting Federal Form W-2G and Form 1099 with Arizona income tax withheld

1. Optical media Forms W-2G and 1099 reporting Arizona income tax withheld, submitted to ADOR must conform to the current IRS specifications in Publication 1220.
2. For calendar year 2019, if you submit only some of the required returns using this media, include a statement that you are filing the remaining returns on paper. *Do not file twice for the same employee using both optical media and paper.*
3. ADOR requires Payee “B” record for Forms W-2G and 1099 if taxes were withheld for Arizona.

Please send media to:

Arizona Department of Revenue

PO Box 29009

Phoenix, AZ 85038-9009

Please send passwords separately to:

MediaLibrarian@azdor.gov

NOTE: ADOR will not return or copy any media. The federal Forms W-2, W-2c, W-2G, and 1099 are an integral part of the reconciliation process required for the withholding tax return. ADOR is, by law, required to retain these records.

This publication is available in an alternative format upon request.