

# LMRC Specification Guide for W-1 Filing

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Louisville Metro Revenue Commission

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## 1. Introduction

All Employers are required to withhold Occupational License Fees/Taxes from the gross salaries, wages, commissions, and other forms of compensation earned by employees for work performed within Louisville Metro, Kentucky.<sup>1</sup> Form W-1 is submitted quarterly to report wages earned while working in Louisville Metro, Kentucky.

All employers who report more than 25 W-1 returns on behalf of themselves or their clients must submit the records electronically.<sup>2</sup> Failure to timely file electronically will result in penalties<sup>3</sup>.

## 2. What's New

### 2.1. Change Log

Section	Description	Change Date
All	Initial Publication	2020.01.31
1.2.1	Added updates for TY 2020	2020.11.01
5.3	Added information about calculated fields and country codes and LMRC account id.	2020.11.01

### 2.2. Yearly Summary

#### 2.2.1. Tax Year 2020

- 10-digit LMRC customer or W1 account id may be used.
- Add clarification on calculated fields from paper form not required in bulk filing.
- Updated Country Code Description to allow for 2 letter IRS codes or 3 letter ISO2166 codes. (position 250-253)

#### 2.2.2. Tax Year 2019

- 2019 is the initial year for this specification guide.
- On 8/22/2019 Louisville Metro Council passed Ordinance No. 120, series 2019, creating a new section for Ordinance Chapter 110 now codifies as LMCO §110.18. Taxpayers and/or reporting agents with more than 25 returns or reports are required to file electronically. This ordinance is effective for periods beginning on or after 1/1/2019 and governs all filings after 1/1/2020.
- Penalties are provided by LMCO §110.99 for failure to file electronically in a timely manner.
- CD submission does not meet the electronic filing requirement.
- A waiver must be completed and approved if you cannot meet the electronic filing requirement.
- W-1 bulk filings formatted using our previous specifications with comma delimiters will be accepted thru the December 2020 quarter, which is due January 31, 2021. It is advisable to begin the process to convert to the new format as soon as possible to allow ample time to complete the upgrade.

<sup>1</sup> LMCO §110.05; Louisville Metro includes the area within the boundaries of Jefferson County, Kentucky.

<sup>2</sup> LMCO §110.18

<sup>3</sup> LMCO §110.99

## 3. Acceptable Format

There are two methods that meet the electronic filing requirement: the eMINTS bulk upload method using these specifications and the eMINTS single W-1 submission method. A CD submission does not meet the electronic filing requirement.

### 3.1. eMINTS Bulk Upload Method

The preferred method of submitting W-1s is via the bulk upload functionality in eMINTS. You must have a logon with our online portal to upload. For instruction on how to create a logon, see [eMINTS FAQs](#). Submissions must follow the specifications outlined in this document. Select *W-1 Bulk Fixed Width* as the file type.

#### 3.1.1. Uploading Comma Delimited File

The Bulk file based on the comma delimited spec will be accepted thru the **December 2020 quarter due January 31, 2021**. It is advisable to begin the process to convert to the new format as soon as possible to allow ample time to complete the upgrade.

You must have a logon with our online portal to upload. For instruction on how to create a logon, see [eMINTS FAQs](#). Submissions must follow the specifications outlined in this document. Select *W-1 Bulk Comma Delimited* as the file type.

### 3.2. eMINTS Single W-1 Submission Method

The W-1 may be entered directly into eMINTS. You must have a logon with our online portal to file. For instruction on how to create a logon, see [eMINTS FAQs](#). Navigate to the quarter end filing period within the W-1 account and file Form W-1.

### 3.3. Waiver Requests

You must submit a waiver request if you are unable to file your W-1s electronically. Waivers are discretionary and may be granted for a period not to exceed one year. You must submit a justifiable basis for a waiver and details of how you will submit W-1s, along with a plan for future bulk upload compliance, and an anticipated compliance date for your request to be considered.

## 4. Filing Requirements

If you have more than 25 records, you must submit via the eMINTS Bulk Upload Method. Paper copies may not be submitted by filers issuing more than 25 W-1s.

### 4.1. Tips to Remember

- Electronic filing is required when reporting more than 25 W-1s.
- CD submission does not meet the electronic filing requirement.
- Do not include W-1 KJC returns in this file.
- Employers with tipped employees must fill out the Tipped Employee Taxes not withheld by employer field (position 636-649)

### 4.2. Corrected W-1s

Once a file has been accepted via bulk upload the file will be processed. If you realize you have filed any of the returns in error, resubmit a new file with the corrected returns only. Make sure to indicate it is the amended return by entering a "1" in the Amended return field (position 333).

## 5. Deadline

W-1 returns are due based on the quarter ending.

Quarter Ending	Due Date
March	April 30
June	July 31
September	October 31
December	January 31

When using eMINTS, an email confirmation will be sent when the file is successfully uploaded.

## 6. File Format

The W-1 file format is a fixed width text (.txt) file.

Standard ASCII code is required for all files. A text file with .txt file extension is the only format that will be accepted. LMRC does not accept any zip files, self-extracting zip files or compressed files. The maximum file size LMRC will accept is 20MB. If your file is larger than the LMRC maximum file size, you must create and transmit separate files.

### 6.1. Record Specifications

- Each record must be a fixed length of 649 positions.
- Each record must end in a carriage return.
- For all fields marked “Required” the transmitter must provide the information described under Description and Remarks.
- For those fields not marked “Required”, the transmitter must allow for the field but may be instructed to enter blanks or zeros in the indicated field positions.
- For alpha/numeric fields, left justify and fill with blanks. When a field shows blank, all positions must be blank and not zero.
- For money fields, include only numbers with no punctuation. Signed amounts are not permitted. Include both dollars and cents. The last two digits will be the cents. (Example \$253.14 = 0000000025314) Do not enter negative values in money fields. Right justify and zero fill to the left. Do not round to the nearest dollar. Any money field that has no amount to be reported must be filled with zeros, not blanks.

### 6.2. Special Considerations

#### 6.2.1. Employers with Tipped Employees

A single field has been added at the end of the specification to capture the aggregate total of tax not withheld on behalf of tipped employees. Provide the information as defined in the record and field format details. Do not adjust any of the wage totals on the W-1 fields to account for tipped employees. You must maintain the detailed records of your tipped employees. You may be asked to submit them for further review or auditing purposes in the future.

Employers should remind tipped employees of their responsibility in filing an Occupational License tax return (Form OL-3).

To calculate the total to enter in the wages for tipped employees not included in the W-1 wage calculations field, use the following steps:

1. Determine if the tipped employee should be taxed at the resident or non-resident tax rate.
  - a. Resident Tax Rate =2.2%
  - b. Non-resident Tax Rate=1.45%
2. Calculate Tax Due per tipped employee.
  - a. Employee Wages \* Tax Rate = Employee Tax Due
3. Calculate tax owed by tipped employee.
  - a. Employee Total Tax Due – Tax withheld by employer =Tax Owed by Tipped Employee
4. Calculate Total Tipped Employee Taxes Not Withheld by Employer.
  - a. Add together for all your tipped employees the tax owed by each tipped employee.
5. Report the Total Tipped Employee Taxes not withheld by employer field (position 636-649).
  - a. This total will reduce the tax liability for the employer W-1. This tax should be paid by the tipped employee filing and paying an OL-3 return.

**Example**

Employee Name	Employee Wages	Tax Rate	Employee Tax Due	Taxes Withheld by Employer	Tax Owed by Tipped Employee
A	15,000.00	0.0220	330.00	200.00	130.00
B	10,000.00	0.0145	145.00	145.00	0.00
C	25,000.00	0.0220	550.00	20.00	530.00
D	30,000.00	0.0145	435.00	300.00	135.00
				<b>Total Tipped Employee Taxes Not Withheld by Employer</b>	<b>795.00</b>

**6.2.2. Employers enrolled in Kentucky Jobs Credit Program**

There is no eMINTS Bulk Upload Method for employers enrolled in the KY job credit program (KJC). Use the eMINTS Single W-1 Submission Method and indicate you are claiming a Kentucky Jobs Credit when beginning your return. You will then select your job credit location, job credit program, and job credit rate.

A paper version of an employer filing a W-1 with KY job credits will also be accepted. Do not send paper for employers not claiming the KJC. Penalty could be applied if this were to occur.

**6.3. Record and Field Format Details**

- Many of the calculated fields have not been included in this spec. Our system will use the numbers provided to calculate values. Fields from the physical form, not included are –
  - 1a – Louisville Metro (1.25%) and TARC (.2%) tax due
  - 3 – Total Resident Wages
  - 5a – School Board (.75%) tax due
  - 7 – Penalty and Interest
  - 8 – Total Amount Due
  - 11 - Additional Payment Due

Field Position	Field Title	Length	Description
1-3	ID Type	3	<b>Required.</b> Must be FID, TIN, SSN FID - Federal Identification Number. Use for corporations and partnerships. SSN - Social Security Number. Use for individuals. TIN - Individual Taxpayer Identification Number. Use for individuals who do not have an SSN.
4-12	ID Number	9	<b>Required.</b> Format numbers only. Must be valid ID number. 9 digits, do not enter dashes.
13-22	LMRC W-1 Account ID	10	<b>Required.</b> Numbers only Valid 10-digit LMRC W-1 Account ID or LMRC Customer ID
23-57	Last Name	35	<b>Required - for individuals.</b>
58-92	First name	35	<b>Required - for individuals.</b>
93-93	Middle initial	1	Enter a letter or enter a blank.
94-143	Legal Name/Business	50	<b>Required - for business entities and individuals with a DBA name.</b>
144-183	Address (number/street)	40	<b>Required.</b>
184-203	Unit/Apt no	20	Enter information or enter blanks.
204-238	City	35	<b>Required.</b>
239-240	State	2	<b>Required.</b>
241-249	Zip	9	<b>Required.</b> <b>For USA or blank country:</b> Must be 5-9 digits. <b>For Foreign Addresses:</b> 5-9 alphanumeric characters. No spaces. Do not enter dashes.
250-253	Country	4	USA will be assumed if empty. <b>Required</b> if not USA and entering a foreign address. Two letter codes defined by the IRS will be allowed as well as the three-letter ISO 3166 alpha-3 country codes.
254-303	Email	50	Enter valid email. Fill unused positions with blanks.
304-318	Phone	15	<b>Required.</b> Enter numbers only. Do not enter any dashes. Fill unused positions with blanks.
319-323	Ext	5	Optional. Fill unused positions with blanks.
324-331	Quarter Ending	8	<b>Required.</b> (mmddyyyy) Only options include - <ul style="list-style-type: none"> <li>• 0331yyyy</li> <li>• 0630yyyy</li> <li>• 0930yyyy</li> <li>• 1231yyyy</li> </ul> If any other month and date combination are submitted, your file will be rejected. Minimum Quarter =03312012 Maximum Quarter = current quarter

332-332	No Employees	1	<b>Required.</b> 1 - I have no employees I paid this quarter. 0 - I have employees I paid this quarter. W-1 must be filed even if employer did not have any employees during the quarter.
333-333	Amended Return	1	<b>Required.</b> 1 - Yes, this is an amended return. 0 - No, this is the first return filed for this quarter. If this field ins not marked correctly, this could delay processing of the return.
334-334	Final Return	1	<b>Required.</b> 1 - I no longer have employee withholding on this account. I want to close my W-1 account. 0 - I am still in business and have employees.
335-342	Employee Cease Date	8	<b>Required if indicated final return and want to close W-1 account.</b> mmdyyy Leave blank if not a final return and no cease date needed.
343-356	Total Wages Earned for work performed in Louisville Metro, KY	14	<b>Required.</b> Line 1 on the return. Enter the gross wages paid to all employees for work that was performed within Louisville Metro, Kentucky. Exclude amounts earned by ordained ministers. Enter 14 zeros if no gross wages to enter.
357-370	Non-resident Wages	14	<b>Required.</b> Line 2 on the return. Wages earned by non-resident employees for work that was performed within Louisville Metro, Kentucky. Exclude amounts earned by ordained ministers. Enter 14 zeros if no portion of the wages were earned by non-resident employees.
371-384	Minster Wages	14	<b>Required.</b> Line 4 on the return. Enter the amount of wages paid to Ministers who live and work in Louisville Metro, Kentucky. Enter 14 zeros if no resident minster wages.
385-398	Total Tax Due	14	<b>Required.</b> Line 6 on the return. Add line 1a and Line 5a. Enter 14 zeros if no total tax due.
399-412	1st Monthly Deposit Due	14	<b>Required.</b> Line 9a on return. If a depositor, enter the amount of the required deposit for the first month of the quarter being reported. Enter 14 zeros if no deposit amount due.



413-426	2nd Monthly Deposit Due	14	<b>Required.</b> Line 9b on return. If a depositor, enter the amount of the required deposit for the second month of the quarter being reported. Enter 14 zeros if no deposit amount due.
427-440	3rd Monthly Deposit Due	14	<b>Required.</b> Line 9c on return. If a depositor, enter the amount of the required deposit for the third month of the quarter being reported. Enter 14 zeros if no deposit amount due.
441-454	Total Deposits Paid for Quarter	14	<b>Required.</b> Line 10 on return. Total of actual deposits made for the quarter being reported. This figure must be equal to Line 6 (Total Tax Due) Add Lines 9a, 9b and 9c. Enter 14 zeros if no total deposits being reported.
455-468	Overpayment to be credited to next Quarter	14	<b>Required.</b> Line 12 on return. If Total Deposits (Line 10) is greater than Total Amount Due (Line 8), Enter the amount on Line 12 to have overpayment credited to the next quarter. Enter 14 zeros If no overpayment to be applied to the next quarter. <b>Note:</b> <i>If prior unpaid balances exist, the overpayment will offset any withholding debt before being credited to next quarter.</i>
469-482	Overpayment to be Refunded	14	<b>Required.</b> Line 13 on return. If Total Deposits (Line 10) is greater than Total Amount Due (Line 8), Enter 14 zeros If no overpayment to be refunded. <b>Note:</b> <i>If prior unpaid balances exist, the overpayment will offset any withholding debt before being refunded.</i>
483-517	Preparer Name	35	<b>If return is filed by a third party, (CPA/Payroll Company/etc.), complete all the preparer fields.</b>  <b>**Failure to provide preparer information could result in LMRC applying penalty as the records were not submitted in our prescribed manner. **</b> Name of individual preparing the W-1 information.
518-526	PTIN	9	<b>Required if filed by a preparer.</b> Enter 9 digits, do not enter dashes. Leave blank if no preparer used. Review IRS PTIN requirements for tax return preparers to determine if you should have a PTIN.
527-561	Firm Name	35	<b>Required if filed by a preparer.</b> Leave blank if no preparer used.

562-570	Firm EIN	9	<b>Required if filed by a preparer.</b> Enter 9 digits, do not enter dashes. Leave blank if no preparer used.
571-620	Firm Address	50	<b>Required if used a preparer.</b> Leave blank if no preparer used.
621-635	Firm Phone	15	<b>Required if used a preparer.</b> Leave blank if no preparer used.
636-649	Total Tipped Employee Taxes not withheld by employer	14	<b>Required.</b> Not on paper form. If you have tipped employees, enter total taxes not withheld by employer. Review section Employers with Tipped Employees for complete information. <b>Enter 14 zeros if no tipped employee wages.</b>

## 7. FAQs

### **How will I know if I have generated an acceptable file?**

Your file must meet the specifications per this document, and you will receive real time validation. LMRC will not accept the file if it does not pass our validation rules. Once your file is accepted, you will receive an email confirmation.

### **I am filing W-1 returns on behalf of other taxpayers and I do not know their W-1 account number. Can I include W-1s without account numbers in the file or send paper copies?**

Remember you may use the customer number or W-1 account number to file W-1s. Consult with your client(s) to get their account number(s) or you may contact our agency. In most cases, a new LMRC customer can get an account number immediately via eMINTS. Do not send paper forms or reports. Penalties will be applied if paper forms or reports are submitted when electronic submission is required.

### **What else do I need to do if I file a W-1?**

You must also file a W-3 Annual Reconciliation and provide W-2 information for individual employees. Form W-3, Annual Reconciliation of Employers Quarterly Return of Occupational License Fees Withheld, is due each February 28<sup>th</sup>. W-2 information for all employees who worked in Louisville Metro, Kentucky during the calendar year is due at the same time. Refer to the specifications for filing W-3s and W-2s for more information regarding the electronic submission of W-2s.

### **How do I make an additional payment?**

Review the Electronic Funds Transfer ACH Credit Electronic Filing Specification Guide on our website for more information regarding payments.

### **My software will not capture the total tipped employee taxes not withheld. What do I do?**

If an employer has tipped employees that did not have taxes withheld but they cannot report this number make sure to enter 14 zeros. The employer may receive bill as the tax liability will not be reduced. Proof will need to be provided of the tipped employee amount.