



2018

Publication 1098

PART III

**Annual Requirements and Specifications
for the Development of 2D Barcode**



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What's New

Schedule CA (540)

The Adjustments to Federal Itemized Deductions section, was revamped to reflect federal changes to the Schedule A (Form 1040). Part II follows the three column format similar to Part I. Do to the added information we have added a second barcode.

Introduction

Pub. 1098, Part II, Annual Requirements and Specifications for the Development of 2D Barcode, is designed for the preparation of 2 dimensional (2D) barcode enabled forms. It is not a substitute for Pub. 1098, Part I, Annual Requirements and Specifications for the Development and Use of Substitutes, Scannable, and Reproduced Tax Forms. The 2D barcode specifications are fully compliant with "Tax Forms Processing, 2D Bar Coding Standards, Revision 2010v1, dated October 31, 2010," a standard issued by the Federation of Tax Administration (FTA) and accepted by the National Association of Computerized Tax Preparers (NACTP). The following requirements and specifications are used to create 2D barcodes and outlines the order and type of data expected in the various 2D barcodes.

For 2018, the Franchise Tax Board (FTB) will accept 2D barcodes for the following nine forms:

- Form 540, California Resident Income Tax Return
- Form 540 2EZ, California Resident Income Tax Return
- Form FTB 3514, California Earned Income Tax Credit
- Form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries
- Schedule CA (540), California Adjustments-Residents
- Schedule D (540), California Capital Gain or Loss Adjustment
- Schedule P (540), Alternative Minimum Tax and Credit Limitations
- Schedule W-2, Wage and Tax Statement
- Schedule X, California Explanation of Amended Return Changes

Computerized Tax Processors (CTPs) must ensure that printed data on the tax forms and encoded data in the 2D barcode are an exact match.

Who Must Get Approval for 2D Barcode Tax Forms

Any company that develops and uses 2D barcode tax forms must get approval from the FTB if it develops:

- 2D barcode tax forms using its own tax software programs.
- Tax software programs to be used with 2D barcode tax forms developed by another company.

The company must get forms approval from the FTB annually, **before** it releases or distributes 2D barcode tax forms to its customers or clients.

If your company is described above, your customers or clients do not need to get additional approval from the FTB to use your FTB-approved 2D barcode tax forms. However, they should verify that your 2D barcode tax forms have the FTB's approval.

Examples of customers or clients, who should verify approval, by asking you for a copy of your FTB approval letter(s), are:

- Tax practitioners who purchase software that produces 2D barcode tax forms.
 - Software providers who sell the products of tax software developers who design 2D barcode tax forms.
-

How Does the 2D Barcode Forms Approval Process Work?

Submit all 2D barcode forms that require approval to the FTB for review before you distribute or release them, or related products, to your customers or clients. See the "DO NOT FILE Message Requirements", "How Does the Forms Approval Process Work?", "Electronic Forms Review Process" and "Submitting Forms to FTB for Approval" in Part 1 of the Pub 1098 for more information.

Do **not** submit 2D Barcode forms for review until the FTB posts the 2D Barcode Test Specifications on the CTP Restricted Directory. Doing so will increase delays in the review process. Before a company submits any 2D barcode form to FTB for approval, we recommend a complete review of Pub. 1098, Parts I and II.

~~When we receive your company's review package, we will acknowledge receipt by sending an email to your company's contact person. We will attach a letter that will include the following information:~~

- ~~• Company contact name~~
 - ~~• Company name~~
 - ~~• Review package cover letter date~~
 - ~~• The expected review completion date~~
 - ~~• The contents of the review package~~
-

What the Company Should do for its Customers and Clients

Provide your customers and clients with all of the information and instructions they need to produce accurate 2D barcode tax forms. The information and instructions that you provide should clearly inform your customers and clients about:

- The importance of printing a new tax return after making changes. Any information written onto the tax form, but not in the barcode, may not be processed accurately.
- The hardware requirements they will need to successfully "run" your software product.
- The printer requirements necessary to print FTB approved forms (including a complete list of printers that your software does not support; the printer fonts they will need to print the required graphics, etc.; and how to use printer font cartridges, if applicable).

- How to get software enhancements and the importance of “loading” them to their PCs.
- The importance of registering their business name and address with your company, if applicable.
- The importance of complying with error messages and edit checks, that they may see as a “pop-up” message on their PC screen.
- All other information that helps to ensure they use your software products correctly.
- How to enter taxpayer name and address information in the entity area on all personal income tax returns.

Also, upon request:

- Provide your customers and clients with a copy of your FTB forms approval letter(s).
- Provide a copy of notice(s) of correction(s) to software sent to your customers and clients.

Preparer Requirements

For those tax returns prepared by someone other than the taxpayer, the identifying fields for preparer name, phone, and PTIN/FEIN are mandatory. The tax professional software must ensure that paid preparer information has been entered prior to printing.

Print Requirements

PrintScaling = None Duplex = Simplex.

There is a setting in the PDF specifications that can be set in each file that will force the document to print without being shrunk. When using PDF files to save and/or print tax returns, the following PDF Viewer Preferences or properties must be set by the vendor application. Setting the Print Scaling property to none will override the local setting and force the document to print without scaling. Setting the Duplex property to Simplex will override local settings and force the documents to be printed single sided. Simplex printing is a requirement for 2D barcode tax returns. Include this setting in all instructions to the user for printing a tax return.

Submitting 2D Barcode Forms to the FTB for Approval

FTB only approves the appearance of the printed substitute forms and the 2D barcode readability. We do not certify the logic of specific software, or the calculation of formulas entered on any forms. Nor do we approve specific equipment or the process used in producing the substitute and 2D barcode tax forms, but do require that the substitute and 2D barcode tax forms meet the FTB's standards.

For 2D Barcode Test Specifications, please refer to the CTP Restricted Directory, “**2D Barcode Test Specifications.**”

All forms are required to have a Document ID, CTP ID, and anchor marks. These items must be placed in accordance with FTB's exact positioning requirements for that form (refer to Pub. 1098, Part I). Each form must contain the exact number of tax data fields, taxpayer ID fields, line items, and keying symbols as the official FTB form.

In the event that a 2D barcode is unreadable, the exact positioning will allow software to capture and “read” the data.

FTB will validate content in the 2D barcode to information printed on the tax form. For example:

On a married/RDP filing joint tax return, if the spouse/RDP name is reflected on the tax return but not present in the 2D barcode, it will be considered a fatal error and will be rejected.

Submission

We will continue to accept electronic or paper for 2D barcode test package submissions as follows:

First Submission

To avoid delays in the review process, follow these instructions:

1. Include a cover letter with **every review package.**
2. If your company's software product does not support a particular field or field size, etc., indicate this fact in the company's cover letter. **This is important.**
3. Sample pages should not be double sided. Do not submit any blank forms.
4. Use the “**2D Barcode Test Specifications**” located on the CTP Restricted Directory for how to complete the test samples.
 - Original sample documents are required.
5. For electronic review process, send forms via SWIFT.
 - Select the “ToFTB” folder
 - Click “Upload”
6. For paper review process, send forms by courier, freight, or UPS to:

ATTN: SUBSTITUTE FORMS
TAX FORMS DEV & DIST SECTION
FRANCHISE TAX BOARD
9646 BUTTERFIELD WAY M/S F 284
SACRAMENTO CA 95827

The FTB highly recommends that you use a courier, freight, or UPS service when you submit your forms for paper review. This will help ensure that the Filing Methods Section receives your review package on the same day it is received at the FTB. If you prefer to use the U.S. Postal Service “regular mail service,” see the FTB's PO Box address under “**How to Contact the FTB Regarding 2D Barcode Forms.**” Choosing to use USPS as method for submitting packages may delay the review of your package.

- Submit two original samples of each test specifications of each form. The samples must be generated from your tax engine and meet the requirements of the test specifications provided using the Publication 1098, Part II Supplemental, “Test Specifications.”

In most cases, FTB will complete the first review of your 2D barcode form(s) within ten business days of receipt.

Resubmission (Second review for approval)

Electronic Resubmission

When resubmitting a 2D barcode form, be sure to increment the Software Developer Version if there is a change to the 2D barcode programming. See “**Header Fields Definitions**” for more information. Include a cover letter with your resubmitted review package and indicate in caps, “**RESUBMISSION**” where it can be easily seen. **This is critical.** If your company’s software product does not support a particular field or field size, etc., indicate this fact in the company’s cover letter. Send all associated forms in the package, including the corrected form, via SWIFT within 3 business days.

- Select the “ToFTB” folder
- Click “Upload”

Paper Resubmission

When resubmitting a 2D barcode form, be sure to increment the Software Developer Version if there is a change to the 2D barcode programming. See “**Header Fields Definitions**” for more information. To avoid delays in any second review process, follow these instructions:

1. Make all corrections identified at first review.
2. Include a cover letter with your resubmitted review package, including all associated forms in the package, and indicate in caps, “**RESUBMISSION**” where it can be easily seen. **This is critical.** If your company’s software product does not support a particular field or field size, etc., indicate this fact in the company’s cover letter.
3. If you submit forms printed from different printers, identify the printer type with a removable note on the front of the form (or write the printer type on the back).
4. You must resubmit 2 hard copies of each test sample for us to review. We highly recommend you send your resubmission by courier, freight, or UPS to the address shown on this page within 3 business days.

In most cases, we will complete the review of your resubmission within three business days of receipt.

Benefits of Following the Guidelines for the Development of 2D Barcode

- The FTB will be able to complete its review and respond quickly (normally within ten business days from date received).
- The FTB will be able to process approved CTP tax forms which will result in fast, accurate processing and quick refunds for your customers’ clients.
- Software companies will have satisfied customers and clients who have confidence in the software product(s) they use.

Consequences of Not Following the Guidelines for the Development of 2D Barcode

The FTB will work with CTPs to correct any errors found on their tax forms during review. However, if a software company releases forms that fail to follow the “**Guidelines for the Development of 2D Barcode,**” the FTB:

- Will require the software company contact person to send proof (e.g., revised forms, excerpts from revised user manuals, release letters for new versions of software, etc.) that the company corrected all errors and notified their customers and clients of the corrections.
- Will publish the software company name in certain publications and on ftb.ca.gov, stating that the software company did not follow the “**Guidelines for the Development of 2D Barcode.**” The FTB will publicize such a violation even if the software company subsequently corrects all errors.
- May notify taxpayers, if the software company fails to correct all errors, that their refund was delayed because the software company’s tax forms did not have the FTB approval.

How to Contact the FTB Regarding 2D Barcode Forms

For questions about the 2D Barcode Forms or Substitute Forms Program, contact your assigned account agent or send email to substituteforms@ftb.ca.gov.

To mail correspondence regarding 2D barcode forms and related issues:

ATTN: SUBSTITUTE FORMS
TAX FORMS DEV & DIST SECTION
FRANCHISE TAX BOARD
PO BOX 1468 M/S F 284
SACRAMENTO CA 95812-1468

General 2D Specifications

Encode type	Standard PDF417	The 2D encode type is Standard PDF417.
Error Correction Level	4	The error correction level in the current market-provided DLL is set to level 4.
Pixel shaving	ON	Pixel shaving improves read rates.
Resolution	600 dpi	Dots per inch is 600.
Code word count	Variable	
Encryption	None	
Module-Aspect Ratio	3:1	The Y/X element ratio is 3.
Data Rows	Variable	
Data Columns	24	
X-module Dimension	15 mils Max	The X dimension width is a maximum of 15.0 Mils.
Reserved space	1.15" x 7.43" (h x w)	The height of the barcode will vary according to the amount of information contained in the barcode. The size of the barcode cannot be greater than .95" high x 6.0" wide.
Data Rows	Variable	
Character Count per barcode	1400 Max	
Field Delimiter	Carriage Return	Each field will be separated by a carriage return.
End of File Delimiter	"*EOD*"	
Location of Barcode(s)	In the reserved areas indicated in the Record Layouts, on each form.	Do not print the box around the barcode.
Dollar Amounts	Round all figures to whole dollars, no commas	
Alpha Characters	Upper Case only	
Negative Amounts	Use minus sign only	
Unused Data	No Zero fill	

Header Fields Definitions

Line	Definition	Values
Header Version Number	NACTP standard	Currently set at T1
CTP ID	California CTP identification indicator	Numeric
Tax Year	Calendar Tax Year	2018
Form Type	Each barcode has a 3 to 6 character unique identifier	See “ Barcode Summary ”
Software Developer Version	Increment indicator when changes are made to barcode content only	001. Increment plus 1 for every subsequent barcode change
FTB Specification Version	California barcode specification version	001, FOR FTB USE ONLY. FTB will inform you if a new version is required.

How to Use the Software Developer Version Control

FTB requires software developers begin with the indicator set at 001. This version is the first submission to FTB for approval.

For example:

If FTB disapproves a 2D barcode form due to a programming error in the barcode, then the next submission is version 002. If approved, then version 002 is valid for production. If FTB disapproves a 2D barcode form due to a formatting issue only (and no changes are made to the barcode programming), then the version number would not change upon resubmission.

According to the Tax Forms Processing 2-D Bar Coding Standards, software developers must inform FTB of any software version control changes made after the approval issued at testing.

For example:

Your software version 002 is approved during forms testing.

If changes were made to the barcode content in production, then the software version must increment to 003 and you must notify the Substitute Forms Desk of this change to ensure your software version is valid for production.

Notify your assigned account manager of any software version changes or send email to substituteforms@ftb.ca.gov.

Barcode Summary

The nine 2018 PIT return forms will be encoded in the following twelve 2D barcodes.

Barcode	Description	Fields designate in this barcode	Sample Header Fields	Description of Header Fields
1	Form 540 Barcode 1	From "Amended Check Box" to Line 97 "Tax Due"	T1 613 2018 310-01	Header Version CTP ID Tax Year Form type Survey code
2	Form 540 Barcode 2	From "California Seniors Special Fund" to "Overflow Dependents information"	T1 613 2018 310-02	Header Version CTP ID Tax Year Form type Survey code
3	Form 540 2EZ	All fields	T1 613 2018 311	Header Version CTP ID Tax Year Form type Survey code
4	Form 3514	All fields	T1 613 2018 846	Header Version CTP ID Tax Year Form type
5	Form 5805	All fields	T1 613 2018 767	Header Version CTP ID Tax Year Form type
6	Schedule CA (540) Barcode 1	From Entity "TP first name" to Line 37c "Total"	T1 613 2018 773-01	Header Version CTP ID Tax Year Form type
7	Schedule CA (540) Barcode 2	From Line 1 "Medical and dental expenses" to Line 30 "Larger of California Itemized Deductions or Standard Deduction"	T1 613 2018 773-02	Header Version CTP ID Tax Year Form type
8	Schedule D (540) Barcode 1	From Entity "TP first name" to "Line 10e "Gain"	T1 613 2018 776-01	Header Version CTP ID Tax Year Form type
9	Schedule D (540) Barcode 2	From Line 1pa "Description of Property" to Line 12b "Capital Gain Addition"	T1 613 2018 776-02	Header Version CTP ID Tax Year Form type

Barcode Summary

The nine 2018 PIT return forms will be encoded in the following twelve 2D barcodes.

10	Schedule P (540)	All fields	T1 613 2018 797	Header Version CTP ID Tax Year Form type
11	Schedule W-2*	All fields	T1 613 2018 804-01	Header Version CTP ID Tax Year Form Type
12	Schedule X	All fields	T1 613 2018 853	Header Version CTP ID Tax Year Form Type

*Schedule W-2 is the only barcode that FTB accepts multiple occurrences. For example:

- First Schedule W-2 (contains 2 employment records) is Form Type 804-01.
- Second Schedule W-2 (contains another 2 employment records) is Form Type 804-02.
- Third Schedule W-2 (contains another employment record) is Form Type 804-03.

Advanced Draft
as of 11/20/18

2D Barcode Forms Assembly Guidelines

Important: Tax preparation software that produces 2D barcode tax returns will print a Substitute Form 540 with the barcodes printed on Form 540, Side 3.

Federal tax return when required.

Supporting California forms and schedules

Schedule W-2

Form 540, Side 5

Form 540, Side 4

Form 540, Side 3
(Note: 2D barcodes print on the bottom of Form 540, Side 3.)

Form 540, Side 2

Form 540, Side 1

Do not attach any withholding forms here. See Schedule W-2, Wage and Tax Statement.

2017 California Resident Income Tax Return **FORM 540**

TAXABLE YEAR: 2017

APR 11-11-1111 JOHN 22-22-2222 17 PBA 123456
 CHRISTOPHER D JOHANNESBURG
 PATRICIA D SMITH JOHANNESBURG
 BANK OF ANYTOWN
 15172 BOARDWALK BLVD APT 23 FMB 6987
 ANYTOWN CA 94705-1111
 02-09-1982 03-17-1953 SMITH

Filing Status

1 Single 4 Head of household (with qualifying person). See instructions.
 2 Married/RDP filing jointly. See inst. 5 Qualifying widow(er) with dependent child. Enter year spouse/RDP died _____
 3 Married/RDP filing separately. Enter spouse's/RDP's SSN or ITIN above and full name here _____
 If your California filing status is different from your federal filing status, check the box here

6 If someone can claim you (or your spouse/RDP) as a dependent, check the box here. See inst. 6

Exemptions

7 **Personal:** If you checked box 1, 3, or 4 above, enter 1 in the box. If you checked box 2 or 5, enter 2 in the box. If you checked the box on line 6, see instructions. 7 X \$114 = \$ _____
 8 **Blind:** If you (or your spouse/RDP) are visually impaired, enter 1; if both are visually impaired, enter 2. 8 X \$114 = \$ _____
 9 **Senior:** If you (or your spouse/RDP) are 65 or older, enter 1; if both are 65 or older, enter 2. 9 X \$114 = \$ _____

10 **Dependents: Do not include yourself or your spouse/RDP.**

	Dependent 1	Dependent 2	Dependent 3
First Name	<input type="text"/>	<input type="text"/>	<input type="text"/>
Last Name	<input type="text"/>	<input type="text"/>	<input type="text"/>
SSN	<input type="text"/>	<input type="text"/>	<input type="text"/>
Dependent's relationship to you	<input type="text"/>	<input type="text"/>	<input type="text"/>

Total dependent exemptions 10 X \$353 = \$ _____

11 **Exemption amount:** Add line 7 through line 10. Transfer this amount to line 32. 11 \$ _____

613 3101174 Form 540 2017 Side 1

Tax Practitioner Tips for Computer-Preparing, Assembling, and Mailing Substitute Form 540 and Form 540 2EZ with 2D Barcodes

Item/Activity	Substitute Form 540 2EZ with 2D Barcodes	Substitute Form 540 with 2D Barcodes
Monetary Amounts (Taxpayer's Tax Data)	Monetary amounts in the conventional area of the form may include decimal points or a vertical rule (penny line).	Same as Form 540 2EZ.
Paper Filing Survey Code	A menu of codes, approximately six reasons will be available to the taxpayers to choose. The selected reason code will print on the tax return, one character numeric field in footer, under the right "L" bracket.	Same as Form 540 2EZ.
Line 43 and Line 44	Not applicable.	Credit acronym, code, and amount will print on the applicable line(s) on Form 540, Side 2. See Pub. 1098, Part I, Credit Names, Acronyms, and Code Number List.
Direct Deposit of Refund (DDR)	DDR consists of three fields for two separate accounts: 1) DDR routing number (Must be 9 positions. The first two positions must be 01 through 12 or 21 through 32). 2) DDR account number. 3) DDR account type. You must complete all fields for each DDR options you select. Otherwise, leave all fields blank.	Same as Form 540 2EZ.
Making Corrections*	Do not make hand written corrections on the tax return. Do not modify the name(s), address, or tax data information. If there is an error, print a new tax return.	Same as Form 540 2EZ.
Submit Original Tax Returns*	Submit original (hardcopy) tax returns. Do not submit a photocopy. Tax returns should be single-sided, not two-sided.	Same as Form 540 2EZ.
2D Barcodes	2D barcodes print on Form 540 2EZ, Side 2.	2D barcodes print on Form 540, Side 3.
Attaching Wage Statements	California Schedule W-2, Wage and Tax Statement – If your software doesn't populate this form, you must attach "state" copy of Form(s) W-2, W-2G, and 1099 showing CA tax withheld to it. Attach Schedule W-2 directly behind Side 4 of Form 540 2EZ.	Same as Form 540 2EZ with these exceptions: Attach any Form(s) 592-B and 593 showing CA tax withheld to Schedule W-2. Attach Schedule W-2 directly behind Side 5.
Attaching California Supporting Forms and Federal Forms	Never attach the federal tax return. Form 540 2EZ may require attachments. Include California supporting forms and schedules behind Schedule W-2.	Form 540 may require attachments. Include California supporting forms and schedules behind Schedule W-2, and follow with federal forms and schedules.
	Enclose check or money order with the tax return. Do not staple check or money order to tax return. Make all payments in U.S. dollars and drawn against a U.S. financial institution. Clients should use black or blue ink to complete their check or money order.	Same as Form 540 2EZ.
Assembling Tax Return	No assembly.	Assemble tax return according to assembly guidelines under " 2D Barcode Assembly Guidelines. " Do not staple the tax return. Leave loose.
Where to Mail the Tax Return	REFUND OR NO AMOUNT DUE: FRANCHISE TAX BOARD PO BOX 942840 SACRAMENTO CA 94240-0001 AMOUNT YOU OWE: FRANCHISE TAX BOARD PO BOX 942867 SACRAMENTO CA 94267-0001	Same as Form 540 2EZ.