



Business W-2/1099 Web Upload Frequently Asked Questions

January 2023

General Information:

At present, ADOR will not be accepting federal Form 1099-NEC electronically. Therefore, each federal Form 1099-NEC required to be submitted to ADOR must be submitted as a .txt file on Optical Media (as defined in [Publication 701](#)) or by a paper document. If providing the information by Optical Media, ensure State Income Tax Withheld is included in the file.

ADOR only requires submission of Form 1099 (except 1099-S) that reports Arizona income tax withheld. Taxpayers only need to submit Form 1099-NEC if there is Arizona income tax withheld.

Federal attachments (including Form 1099-NEC, excluding Form 1099-S) are due with Arizona reconciliation forms. Arizona reconciliation Form A1-R and Form A1-APR are due January 31 after the calendar year after the wages were paid or payments were made.

If the Arizona Annual Reconciliation form (Form A1-R or Form A1-APR) was filed electronically, any federal attachments mailed to the Department (Optical Media or paper) should be attached to a paper Form A1-T.

Extensions may be requested/granted. Information regarding extensions is available at the following link: https://azdor.gov/sites/default/files/PROCEDURES_WTHOLD_2019_wtp11-1.pdf.

Frequently Asked Questions:

Do I have to file my employees' Form W-2s electronically?

For the 2022 tax year, due January 31, 2023, *all* W-2s will need to be submitted by an online electronic method.

What is the due date to submit employee W-2s to ADOR and employees?

Employers are required each year to submit to the Department of Revenue copies of all the W-2s issued to their employees, and the 1099s that include Arizona withholding (except Form 1099-S), along with the annual Arizona Withholding Reconciliation Return – Form A1-R and Arizona Annual Payment Withholding Tax Return - Form A1-APR.

Employers must submit all withholding returns electronically - Form A1-R, 1099s, and W-2s (A.R.S. § 43-323(F)). (Not including Form 1099-S) This submission will be for the 2022 tax year, due date January 31, 2023.

What are my options to electronically file Forms A1-R and A1-APR tax returns?

The Department currently has three methods by which employers may file Forms A1-R and A1-APR electronically:

1. Register at [AZ Web File \(AZFSET\)](#) to bulk-file its return by uploading a .csv file.
2. Register at [AZTaxes](#) and use the data input method to submit its return i.e. registered users are able to enter data in an online interactive form.
3. Registered transmitters of [AZ Web File \(AZFSET\)](#) can bulk file using the transmission method.

What are my options to electronically file federal withholding returns to ADOR?

Electronically submitting federal Forms W-2, W-2c, W-2G, and supported 1099 to the Department:



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1. Through [AZTaxes](#) to use the Manual data input method, or to upload the supported federal forms as a formatted .txt file.
2. Through [AZ Web File \(AZFSET\)](#) to upload the supported federal forms as a .txt file.
3. Registered transmitters of [AZ Web File \(AZFSET\)](#) can bulk-file using the transmission method.

Be advised, those filing withholding reconciliation will need to do so via AZTaxes Manual Entry, or register for an AZ Web File account to upload a .csv file.

What file types are accepted for federal attachments?

Only .txt files are accepted. No other file types are accepted (examples: .pdf, .doc, .xlsx, etc.) Taxpayers will receive errors for uploading PDFs or .txt files that were converted from PDFs instead of formatted .txt files to AZTaxes.gov.

How is a .txt file created?

Confer with your IT department or Software Provider for the creation of a .txt file.

How is a Form W-2, Form W-2c, or Form 1099 series .txt file formatted?

- W-2 - Correct format is found in EFW2 Publication and [Arizona Publication 701](#).
- W-2c - Correct format is found in EFW2C Publication and Arizona Publication 701.
- 1099 series - Correct format is found in Federal Publication 1220 and Arizona Publication 701.

Which 1099 form types does your state require to be filed?

Any reporting Arizona income tax was withheld (See Publication 701) and Form 1099-S.

Does your state support corrected versions of Form 1099? If yes, which forms? What filing options are allowed for 1099 corrections?

Yes, on Form 1099-S and any other Form 1099 that reported Arizona income tax was withheld. If available, Arizona prefers electronic filing for corrections. If electronic filing is not available, please file corrections by optical media or paper.

Does ADOR require a State ID in order to file 1099 forms even if the 1099 does not have state withholding?

No, the EIN is used as the State ID, except for 1099-S. If a 1099 does not report Arizona income tax was withheld, it does not need to be reported to Arizona.

What are ADOR filing requirements for 1099-MISC?

Only required, if Arizona income tax was withheld, it needs to be indicated on the Form 1099-MISC and filed to the Department.

- Rents for property located in your state: Yes/No
- Royalties (patents, copyrights, etc.) for property used in your state: Yes/No
- Royalties (natural resources) for property located in your state: Yes/No



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If there is no state withholding reported on a 1099 form, is the 1099 required to be filed with ADOR?

The 1099-S is required regardless of state withholding. All other 1099 types are not required if there is no state withholding.

Can multiple 1099 types be included in the same file?

No, Arizona requires that only one 1099 type be included per uploaded file.

Does Arizona require all Form 1099s to be submitted?

ADOR only requires submission of Form 1099 (excluding Form 1099-S) that reports Arizona income tax withheld.

Does ADOR require withholding on Form 1099-MISC?

At the present time, Arizona does not require Arizona income tax to be withheld from payments reported on Form 1099-MISC. If Arizona income tax is withheld and reported on Form 1099-MISC, Form 1099-MISC must be submitted to Arizona. The Department has no future plans to require income tax to be withheld from payments reported on Form 1099-MISC.

Will Arizona require state direct filing of new Form 1099-NEC, which reports non-employee compensation?

Yes, if Form 1099-NEC is reporting Arizona withholding. An online method for uploading federal Form 1099-NEC files is not available.

Therefore, each federal Form 1099-NEC required to be submitted to the Arizona Department of Revenue (ADOR) must be submitted as a .txt file on Optical Media (as defined in [Publication 701](#)) or by paper document. If providing by Optical Media, ensure State Income Tax Withheld is included in the file.

When did ADOR start accepting Form 1099-S?

Form 1099-S began being accepted on December 16, 2022, with a filing deadline of March 31, 2023. The filing requirement and layout are available at <https://azdor.gov/e-services/e-services-w-2-1099>.

When will W-2/1099 specifications be available?

W-2/1099 filing specifications are available at the following link: <https://azdor.gov/eservices/e-services-withholding>.

Is there a document that includes the filing due date for 1099-NEC?

Federal attachments (including Form 1099-NEC, excluding Form 1099-S) are due with Arizona reconciliation forms. Arizona reconciliation Form A1-R and Form A1-APR are due January 31 of the calendar year after the wages were paid or payments were made. Extensions may be requested/granted. Information regarding extensions is available at the following link: https://azdor.gov/sites/default/files/PROCEDURES_WTHOLD_2019_wtp11-1.pdf.

Is there a dollar value threshold for forms to be filed?

There is no threshold. If any Arizona tax was withheld, the filing of Form 1099 is required. (Not including Form 1099-S.)

Can a Payroll Service Provider (PSP) act as a third party/bulk filer to file on behalf of others?



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Yes, a Payroll Service Provider may register for bulk filing by visiting <https://efile.aztaxes.gov/AZFSETPortal> and clicking 'Click Here' under 'Need to Register?' and selecting Web Upload as the Transmit Method.

Is there a website or URL where users of 1099 software can learn more?

Some helpful links are provided below:

- Withholding layouts and business rules - <https://azdor.gov/e-services/e-services-withholding>
- Employer electronic filing - www.AZTaxes.gov
- Payroll Service Provider electronic filing resources - <https://efile.aztaxes.gov/AZFSETPortal/Home/Resources>.
- Information relating to Arizona Withholding Tax - <https://azdor.gov/businessesarizona/withholding-tax>.

Does ADOR have a publication of approved vendors for withholding forms?

No.

If a filer has questions, where do they direct them?

Email E-Services at AZWebFileSupport@azdor.gov

Call Customer Care at (602) 255-3381

Will paper filing be an option for all filers or is there a threshold requirement for mandatory e-filing?

There is no threshold for electronic filing; paper filing is required for unsupported Form 1099 variations. Information regarding filing methods for unsupported Form 1099s and a waiver can be found in the Arizona Department of Revenue [Publication 701](#).

Will filers be required to report federal Forms 1099-NEC on the same Arizona reconciliation form as federal Form W-2?

Potentially. For example, if the company issues Form W-2 to its employees and Form 1099-NEC to independent contractors, and both are issued by the same company EIN, then all forms should be reported and reconciled on the same Arizona reconciliation form. If a company issues Form W-2 under one EIN and Form 1099-NEC under another EIN, and both EINs are registered for withholding in Arizona, then the reconciliations could be filed separately, one for each EIN.

Will filers be required to report federal Forms 1099-S on the same Arizona reconciliation form as federal Form W-2?

No, since there is no withholding reporting on Form 1099-S, an Arizona reconciliation form is not required.

Does Arizona intend to update its electronic filing system to be consistent with IRS Publication 1220?

Yes, please refer to specifications in IRS Publication 1220 for Form 1099. For exceptions, refer to [Arizona Publication 701](#).

What is the earliest tax year W-2 can be filed through the new system?

Tax Year 2019 will be the earliest tax year accepted via upload and transmission.

Is testing mandatory?

No, testing is not mandatory.



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Does a user need to register every year in order to use the new system?

If providing files via web upload, only the initial registration is required.

If providing files via transmission, only the initial registration will be required. However, that registration will contain information that contains Effective Dates and Expiration Dates. At the time when information expires, updates to that information will be required.

The Taxpayer First Act allows for lowering the federal e-file threshold from 250 to 10 for information returns. Does ADOR plan to lower its e-file threshold to 10 as well?

Arizona does not have a threshold. All withholding returns shall be filed electronically for taxable years beginning from and after December 31, 2019; this requirement includes attachments to the withholding return.

See A.R.S. § 43-323(F) for additional details.

Does ADOR support or plan to support submitting multiple employers/payers in one file (bulk file) or must a file contain a single employer/payer? Please specify for both W-2 and 1099.

W-2/1099: AZ Web File supports bulk filing of multiple employers.

W-2/1099: AZTaxes supports bulk filing of multiple employers. Bulk filing of multiple employers is also supported via CD/DVD/Flash Drive.

Note: While the IRS allows multiple 1099 types to be included in one file, Arizona requires only one 1099 type per file.

Specifications can be found here: <https://azdor.gov/e-services/e-services-w-2-1099>.

For electronic filing, is your transmission protocol server-to-server or manual upload? Please specify for both W-2 and 1099.

W-2/1099: AZTaxes supports manual upload. AZ Web File supports server-to-server and manual upload.

Is testing available for electronic reporting by the computerized tax processing industry? If Web Upload or Transmission testing is desired, please contact the Department at azwebfilesupport@azdor.gov.

Testing procedures for Transmission can be found here:

https://azdor.gov/sites/default/files/media/EFILE_RegistrationTransmission_W-2_1099Files-protected.pdf

Does your test environment allow for properly-formatted, “dummy” EIN and SSN account numbers instead of requiring valid ones?

W-2/1099: Yes, Arizona’s test environment allows for properly-formatted, “dummy” EIN and SSN account numbers.

Can testing be conducted without creating a login, and, if not, can software companies who are not transmitters or third-party filers create a login to test with ADOR?

No, a test login cannot be created.

If your agency gets more than one file with the same EIN for the same reporting period and the additional file is not a duplicate or a correction file, will your state delete the initial file and replace it with the new file, or will your state add to the existing file?

W-2/1099: The data from any subsequent file is added to the existing file.



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Does ADOR require a transmittal/reconciliation form to be filed?

Yes. For quarterly filers, an Arizona Form A1-R reconciliation form is required. For annual filers, the reconciliation is combined with the return, Form A1-APR.

The requirement is that W-2/1099s be filed on or before the due date of the reconciliation because the W-2/1099 amount is a required field on the reconciliation form. Arizona law provides that all amounts withheld are to be treated as if the withholding was from wages paid to an employee.

Why does ADOR require W-2 and 1099 withholding to be submitted in a single reconciliation?

Arizona law provides that all amounts withheld are to be treated as if the withholding was from wages paid to an employee.

Does ADOR allow electronic filing of prior year W-2s and 1099s using the current year's e-file specifications?

No, file when the tax year specifications are available.

The Social Security Administration accepts W-2s with '000-00-0000' for a TIN in cases where an employee has an ITIN or an employer does not have a Social Security Number on file. The IRS accepts '00-0000000' for 1099 TINs in the FIRE upload. Both instances will accept multiple employee/recipient records within a single file. Will ADOR accept this format, or will your system error for duplicate/invalid SSN/TIN? If it errors, how does ADOR expect the employer to report these cases?

No, Arizona doesn't accept this format. Employers should instead report returns via manual entry on AZTaxes.gov, optical media, or paper. More information found in Publication 701.

What payment options does ADOR currently support for paying withholding tax?

EFT Options

ACH Debit when submitting a return electronically.

ACH Debit/ECheck, Credit Card and Debit Card for AZTaxes Registered Users:

AZTaxes.gov

ACH Credit requires department approval. Form link:

<https://azdor.gov/forms/other-forms/electronic-funds-transfer-eft-disclosure-agreement-ach-credit-filers>

Non EFT Options

Cash - In person only

Check - In person or mail

Money Order/Cashier's Check - In person or mail.

Can I get an electronic payment waiver for withholding?

Arizona is **not** offering a general withholding electronic filing or electronic payment waiver for the 2022 tax year. Please see [ADOR online tutorials](#) for specifics on the data input or upload methods of electronically filing. Taxpayers with no

Arizona Department of Revenue



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internet or computer may apply to the director for an annual waiver from the electronic filing and/or payment requirement through Form 292.