



**Tax Year 2018 1099-MISC
Training for State Agency
Use ONLY
Presented 12/17/2018**

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1099 Reporting to State of Oregon (DOR)

- Dept of Administrative Services does not process or maintain a system for entities to file 1099 forms with the State or Oregon.
 - Please see Dept of Revenue websites for information regarding filing 1099 forms with the State of Oregon

1099 Reporting to Oregon

- Oregon Dept of Revenue Contact Information
 - Phone number
 - 503 945-8127
 - E-mail
 - iwire.dor@oregon.gov
 - Website
 - <http://www.oregon.gov/DOR/programs/businesses/pages/iwire.aspx>

1099 Reporting to Oregon

- The electronic transmittal due date is the same as the IRS January 31, 2019 for Box 7 income and April 2, 2019 for all other income types.
 - Businesses with more than 10 1099s must also submit their information returns using iWire*. Oregon Dept of Revenue does not accept information returns in any other format.
 - iWire is an online portal where employers submit W-2s and 1099s to Oregon Dept of Revenue electronically. With iWire you can either upload a W-2 or 1099 text file, or manually enter the information.
 - Income and wage information return e-services (iWire)
 - <https://secure.dor.state.or.us/iWire/>
- Businesses with **11 or more** of any one type of information return are required to report return information electronically to **Oregon Department of Revenue** [[OAR 150-314.360](#)].
 - Payers issuing fewer than 11 information returns are not required to file 1099s either electronically or via paper. However, payers may file them electronically if they choose to.

1099 Reporting to Oregon

■ File creation spreadsheet

- Dept of Revenue does offer a [spreadsheet](#) (in a .zip file) that creates the text file you need to upload to iWire. You can upload this file instead of using iWire Direct.
- The spreadsheet is only compatible with newer versions of Excel. Get instructions on [how to unzip a file on a PC](#).

■ Any questions about filing 1099-MISC filing to Oregon Dept of Revenue?

TAX YEAR 2018

- All 1099-MISC forms issued through SFMA will be filed with the IRS by January 31, 2019.

TAX YEAR 2018

- **Updates for 1099-MISC for attorney payments in box 14 and Risk Mgmt claim payments need to be received before January 24, 2019**

TAX YEAR 2018

- If your agency files 1099-MISC forms for payments issued through a sub-system your agency is responsible for filing these by January 31, 2019

RESPONSIBILITIES

■ DAS-SFMS

■ Filing Due Dates

- Federal Filing
 - January 31, 2019
- State Filing – Dept of Revenue
 - January 31, 2019
- Printing and mailing of original and correction 1099-MISC forms
 - payee statements due 2/1/2019 (IRC 6722)

RESPONSIBILITIES

■ DAS-SFMS

- Updates for filing for attorney payments in box 14 and Risk Mgmt claim payments need to be received by SFMS before January 24, 2019.
- 1099-MISC forms will be generated on January 28, 2019
 - Please have your change requests completed and turned in to SFMS before this date

RESPONSIBILITIES

■ DAS-SFMS

- Mailing of corrected 1099-MISC forms will be processed on the following dates:
 - February 7, 2019
 - February 21, 2019
 - March 14, 2019
 - March 28, 2019
 - April 11, 2019
 - April 25, 2019 (Final)

RESPONSIBILITIES

■ DAS-SFMS

- IRS correction files will be submitted on the following dates:
 - March 1, 2019
 - April 1, 2019
 - May 1, 2019

RESPONSIBILITIES

- Why this function is centralized
 - Statewide payment system
 - Multiple agencies can pay a single vendor
 - \$600 aggregate minimum
 - Other than box 4 (no minimum)

RESPONSIBILITIES

■ AGENCIES

- All information reported on the 1099-MISC form
 - Vendor name, address, reporting amount, reporting box
 - SFMS does not have a relationship with the vendor
- All other 1099 forms that are required by their business to be filed (i.e. 1099-G, 1099-INT)

RESPONSIBILITIES

■ AGENCIES cont

- All payments issued through agency suspense accounts
- Penalty charges if assessed
 - Payee statement not generated by the due date
 - January 31st
 - \$250 per statement
 - This means that if you add new vendor reporting, a penalty could be assessed.

RESPONSIBILITIES

■ AGENCIES cont

- Incorrect reporting on 1099-MISC form
 - If you fail to provide correct payee statements and you cannot show reasonable cause, you may be subject to a penalty.
 - Reporting in the correct box
 - Reporting the correct amounts
 - \$30-100 per statement

RESPONSIBILITIES

■ AGENCIES cont

- **Intentional disregard of payee statement requirements.**
 - If any failure to provide a correct payee statement is due to intentional disregard of the requirements to furnish a correct payee statement, the penalty is at least \$530 per payee statement with no maximum penalty.

Where Does the Information Come From

- Transactions on the cumulative payment table with an effective date between 1/1/18 – 12/31/18
 - Warrants
 - Direct Deposits (thru Dec 27)
 - Transfers
 - Cancellations
 - Stop Payments
 - Backup Withholding

Where Does the Information Come From

- D10 comptroller objects that have a value other than 'N' in the 1099 IND field
 - The number in this field determines which box on the 1099-MISC form the payment will be reported in

- AND -

- Vendors who have a value of 'Y' in the 1099 IND field on the 52 profile
- Both of these conditions must be met

REPORTABLE PAYMENTS

The D10 Comptroller Object determines whether a payment is a reportable activity

These payments are taxable income to the vendor

- Dummy vendor numbers are not allowed to be used for payments issued with a reportable comptroller object, regardless of the payment amount
- Vendor aggregate payments of less than \$600 are not required to be reported on 1099-MISC
 - This is the threshold for our reporting obligation as the payer
 - Not all taxable miscellaneous income is reportable by the payer

REPORTABLE PAYMENTS – example

D10 COBJ

- APPROPRIATION YEAR: 19
- COMPTROLLER OBJECT: **4105**
 - INSTATE MEALS-NO OVERNIGHT STAY
- 1099 IND: 7 FORM: M

52 VENDOR PROFILE

- 1099 IND: Y

- Total payments, \$600 or more will be reported

NON-REPORTABLE PAYMENTS - example

D10 COBJ

- APPROPRIATION YEAR: 19
- COMPTROLLER OBJECT: **4101**
 - INSTATE MEALS WITH OVERNIGHT STAY
- 1099 IND: N FORM: (BLANK)

52 VENDOR PROFILE

- 1099 IND: N
 - OR -
 - 1099 IND: Y
-
- No payments will be reported

WHO IS REPORTABLE

- Medical Services (MD, PhD, DC, LPT, LCSW, RNS, etc)
- Attorney At Law Corporations (AAL, PC)
- Partnerships (LLC, LLP)
- Individuals/Sole Proprietors
- Trusts

WHO IS REPORTABLE

- Any vendor with a 'Y' in the 1099 indicator field on the 52 profile
 - this includes vendors who have not returned a valid Form W-9
 - Vendor type = '8' or '9'
 - this includes non-profits who have not returned a certificate of non-profit status

WHO IS NOT REPORTABLE

- Corporations
 - No corporate exemption for medical corporations or attorneys
- Not for Profit Organizations
 - Exemption certificate required
 - If the non-profit organization did not include an exemption certificate with their W9, they will be considered reportable
- State/Local/Federal Governments
- Employees

WHAT IS REPORTABLE

■ Summary

- Reportable payments (D10)
- To reportable vendors (52)
- Aggregate amount \geq \$600

WHAT IS REPORTABLE

■ Box 1 – Rent

- Real estate rental
 - unless paid to a real estate agent
- Machinery & equipment rental
 - If the machine rental is part of a contract that includes both the use of the machine and the operator, the rental should be prorated between the rent of the machine (reported in box 1) and the operator's charge (reported as nonemployee compensation in box 7).
- Pasture Rentals
- Operating Leases
- Coin operated amusements
- Rental assistance payments made to owners of housing projects

WHAT IS REPORTABLE

■ Box 3 – Other Income

- Prizes and Awards
 - Only when no service was performed to receive the prize/award
- Deceased Employee Wages
- Punitive Damages
- Claimant settlement payments
 - Report the gross amount of the payment
 - The vendor must work with their attorney for the attorney fees related to their claim

WHAT IS REPORTABLE

- **Box 3 – Other Income – cont**
 - Payments to dependant care providers
 - If only providing care for a relative

WHAT IS REPORTABLE

■ Box 3 – Other Income – cont

■ LODGING

- Payments made to lodging facilities are reportable to the lodging business regardless of the person who benefits from the lodging.
- If this person is a state employee, then the payment is not reportable to the employee on a 1099-MISC form.
- If lodging is paid for a contractor/consultant, then the payment is reportable to them. This is part of the compensation for performing a service (non-employee compensation). This compensation can be offset as a business expense for the consultant.

WHAT IS REPORTABLE

■ Box 4 – Federal Income Tax Withheld

- Backup Withholding Amounts
 - 24% of the payment (Change as of 1/1/2018)
 - Bu/Wh amount is included in the ‘gross amount’ of the payment reported in box 7

Example: \$100 payment with bu/wh

- Report \$100 in box 7
- Report \$28 in box 4

WHAT IS REPORTABLE

- **Box 6 – Medical and Health Care Payments**
 - NO CORPORATE EXEMPTION for this box
 - Physician or other supplier or provider of **medical or health care services**
 - Physical therapists, massage therapists, psychotherapists, mental health counselors, acupuncturists, employee assistance, executive physicals, etc.
 - Pre-employment physicals, drug screening, or expert testimony
 - Counseling, mental health and drug/alcohol treatment, diagnostic or therapeutic services

WHAT IS REPORTABLE

- **Box 6 – Medical and Health Care Payments – cont**
 - Health care services that include charges for injections, drugs, dentures, and similar items.
 - In these cases the entire payment is subject to information reporting.
 - Payments made by medical & health care insurers under health, accident, and sickness insurance programs

WHAT IS REPORTABLE

- **Box 6 – Medical and Health Care Payments – cont**
 - Do NOT include payments for prescription drugs with no service
 - You are not required to send a 1099-MISC to a tax exempt hospital(non-profit), an extended care facility or a facility owned and operated by a State, Federal, or Local government

WHAT IS REPORTABLE

■ Box 7 – Non-employee Compensation

- You made the payment to someone who is not your employee;
- You made the payment for services in the course of your trade or business;
- You made the payment to an individual, partnership, estate, or, in some cases, a corporation; and
- You made payments to the payee of at least \$600 during the year.

WHAT IS REPORTABLE

■ Box 7 – Non-employee Compensation - cont

- Any payment for services (not medical)
 - Include parts/material used to provide the service
- Professional service fees (including attorney fees)
- Fee paid to a non-employee
 - Independent contractor or volunteer
- Payments to care providers who care for persons other than relatives
- Operator charge included with machinery rental

WHAT IS REPORTABLE

■ Box 7 – Non-employee Compensation – cont

- Fees paid by one professional to another
- Payments for witnesses or expert in legal adjudication
- Payments to nonemployee entertainers
- Exchange of services
- Taxable fringe benefits for nonemployees
 - Amounts in excess of 14 cents per mile paid to volunteer drivers
- Meals
 - Payments made to vendors, or volunteers for meals are 1099-MISC reportable unless it is necessary for the payee to be away from home overnight.

WHAT IS REPORTABLE

■ Box 14 – Gross Proceeds Paid to an Attorney

- Payments to an attorney AND Joe Public
 - Attorney performed services for someone else
 - i.e. settlements
 - No corporate exemption
-
- This box is unique in that the payment will be reported twice for 1099-MISC filing
 - For the Attorney in box 14
 - For the vendor in box 3

1099 Reportable Charges for Fixed Assets

- Occasionally an agency will incur charges that are both 1099-MISC reportable and capitalized as a fixed asset(s). Ex.
 - Costs to prepare a site to receive a new piece of equipment,
 - Costs to repair a capital asset if that repair will materially add to the value, life or functionality of the asset.
- Such costs may be charged to a capital outlay account and capitalized. If such costs are charged to service and supplies accounts and then capitalized please use the comptroller object that is 1099 reportable (5105 - 5905). This allows the costs to be captured for 1099-MISC reporting and capitalization. The accounts payable personnel responsible for 1099-MISC reporting should collaborate with the fixed asset accountant to verify that all reportable sums are captured for reporting.

1099 Reportable Charges for Fixed Assets

- Such costs may be charged to a capital outlay account and capitalized.
- If such costs are charged to service and supplies accounts and then capitalized please use the comptroller object that is 1099 reportable
 - (5105 - 5905).
- This allows the costs to be captured for 1099-MISC reporting and capitalization.
- The accounts payable personnel responsible for 1099-MISC reporting should collaborate with the fixed asset accountant to verify that all reportable sums are captured for reporting.

Type of Payment & Box Reported In

■ Attorneys' Gross Proceeds	14
■ Attorneys' Fees	7
■ Bonuses – Nonemployee	7
■ Fee Paid to a Contractor	7
■ Fee Paid to a Nonemployee	7
■ Mileage-Nonemployee	7
■ Professional Service fees	7
■ Services	7
■ including parts or materials used to perform the service	
■ Travel Reimbursements-Nonemployee	7
■ for which the nonemployee did not account for	

Type of Payment & Box Reported In

■ Awards-Nonemployee	3
■ Damages	3
■ Punitive Damages	3
■ Prizes-Nonemployee	3
■ Health Care Services	6
■ Medical Care Services	6
■ Mental Health Care Services	6
■ Rents	1

- Do not report rent payments paid to a real estate agent

WHAT IS NOT REPORTABLE

- Reportable payments (D10) to reportable vendors (52)
 - Aggregate amount < \$600
- Reportable payments (D10) to non-reportable vendors (52)
- Non-Reportable payments (D10) to reportable vendors (52)

WHAT IS NOT REPORTABLE cont

- Payments of Rents to Real Estate Agents
 - It is agencies responsibility to know if the vendor is a real estate agent
- Payments to pharmacies for prescription drugs
- Payments to tax exempt hospitals

WHAT IS NOT REPORTABLE

The following payments are reported on different 1099 Forms

- Scholarships
 - Qualified Tuition Program Payments (1099-Q)
- Grant Payments
 - Report on Form 1099-G
- Bad Debt
 - Write-off of A/R >\$600 (1099-C)

Payments That Do Not Require a 1099-MISC

- Payments to a corporation
 - exceptions
 - medical and health care payments
 - payments of attorneys' fees
 - gross proceeds paid to attorneys.
- Payments for merchandise, telegrams, telephone, freight, storage, and similar payments

Payments That Do Not Require a 1099-MISC cont

- Payments of rent to real estate agents
- Wages paid to employees (report of Form W-2)
- Business travel allowances paid to employees (may be reportable on Form W-2)
- Fees paid to informants for information about criminal activity

Payments That Do Not Require a 1099-MISC cont

- Scholarships or fellowship grants
- Difficulty-of-care payments to foster-care providers
- Canceled debt

INFORMATION ON THE DAFR7940 REPORT

- DAFR7940 can be distributed in any format
 - Electronically (preferred method)
 - The final copy in January should be printed or saved by the agency
 - From Print Plant (paper copy)
 - On an agency remote printer
 - If your DAFR7940 is large, this option is not recommended.

INFORMATION ON THE DAFR7940 REPORT

- Vendor Number
- TIN Number
- IRS Box
 - 01, 03, 04, 06, 07, 14 (reportable)
 - 'N' (not reportable)
 - All payments to the vendor will be listed but only those payments that are reportable will be reflected on the 43M screen
- COBJ and AOBJ
 - D10 and D11 profiles

INFORMATION ON THE DAFR7940 REPORT

- Payment Amounts
- Totals by COBJ, IRS Box, & Vendor Number
 - Change requests 'FROM' amount should be the IRS BOX total for the vendor

INFORMATION ON THE DAFR7940 REPORT

- Cur Document Number/sfx
 - ZE documents (liquidation)
 - The ZE document number contains the payment date
 - ZE80920R
 - This document number is 2018/09/20 Regular cycle
 - This may be helpful when reviewing payments issued since the last DAFR7940

INFORMATION ON THE DAFR7940 REPORT

- Ref Document Number/sfx
- Total Payments
 - By COBJ
 - By IRS Box number
 - By Vendor Number
- Vendor Name

- When correcting the reportable amount always use the Total Payments by **IRS Box Number** as the 'CHANGE FROM' amount

INFORMATION ON THE DAFR7940 REPORT

■ VENDOR NAME

- Vendor Name Does Not Appear to be Reportable
 - Includes CORP or INC
 - Vendors who have not returned a valid Form W-9 are considered reportable entities and will be included on DAFR7940
 - These are noted on 52 Vendor Profile screen with Vendor Type '8' or '9'
 - The vendor profile cannot be updated without a W-9 Form
 - These vendors will be included on the DAFR7940

INFORMATION ON THE DAFR7940 REPORT

Be sure to use the DAFR7940 generated in January as your final copy with the correct reporting information

The DAFR7940 report is in vendor number order.

- The vendor TIN will also be included

INFORMATION ON THE DAFR7940 REPORT

■ DAFR7940

- This report will include all payment transactions to vendors with a 'Y' in the 1099-IND field on the 52 screen

- All D10 reportable payments, and
- All D10 non-reportable payments

■ Payments to non-reportable vendors are not included

- 1099-IND = 'N' on the 52 screen
- Regardless of the COBJ on the payment

INFORMATION ON THE DAFR7940 REPORT

- If a vendor is not listed on the DAFR7940 report
 - No 1099-MISC will be generated
- A 1099-MISC change request form is required to add a reporting amount for a vendor that is not included on the DAFR7940
 - After the vendor has been profiled on the 52 screen
 - The reporting will be manually added to the 43M screen from the information on your change request

HOW TO MAKE CHANGES

- **Before Jan 18, 2019**
- **Who to Contact**
- **Vendor Name**
- **Vendor Number**
- **Vendor Coding**
- **Vendor Reporting**

HOW TO MAKE CHANGES BEFORE Jan 18, 2019

■ COBJ/AOBJ

- If an incorrect comptroller object (COBJ – D10) was used on an expenditure
 - Use T/C 415/416 to Process a Transfer to Correct COBJ/AOBJ
 - Box 6 for medical payments
 - Box 7 for a contractor
 - Be sure to include the vendor number on the reclass transaction so the change will be reflected on the next DAFR7940

HOW TO MAKE CHANGES BEFORE Jan 18, 2019

■ CAUTION

- ALL t/code 415/416 transactions with a 2019 effective date will be included on NEXT years DAFR7940 report
 - Effective date must be no later than **December 31, 2018**

HOW TO MAKE CHANGES BEFORE Jan 18, 2019

- COBJ (D10)/AOBJ (D11) changes for 2018 1099-MISC reporting can only be processed before December month-end close on **1/18/2018**
 - Transactions entered January 2 thru January 18, 2018 must have a **December 2018 EFFECTIVE Date**
 - DO NOT process a t/code 415/416 transfer for a 2018 transaction after this date as it will effect 2019 1099-MISC reporting

HOW TO MAKE REPORTING CHANGES

For 1099-MISC reporting changes:
Karlene Hancock

- Phone 503-373-0714
- Fax 503-378-8940
- Email Karlene.Hancock@Oregon.gov
- All changes must be requested on a 1099-MISC change request form
 - http://www.oregon.gov/das/Financial/AcctgSys/Documents/CHG_REQ.pdf

HOW TO MAKE REPORTING CHANGES

- Use a 1099-MISC Change Request form for:
 - Changing a payment amount
 - Adding a payment amount
 - Removing payment amount
 - Moving payment amounts to a different box
 - Change in Vendor TIN

HOW TO MAKE VENDOR CHANGES

For vendor changes:

Tammy Lyons

- Phone 503-373-0256
- Fax 503-378-8940
- Email SFMS1.Vendor@Oregon.gov
- A Vendor Change Request Form should be used for all vendor changes/updates
 - Including 1099-MISC related changes

HOW TO MAKE VENDOR CHANGES

- Vendor profile questions should be directed to Tammy Lyons
 - Remember – all information on 1099-MISC forms are the responsibility of the agency
 - Vendor name
 - TIN/Vendor number
 - Vendor Coding

VENDOR CHANGES

■ VENDOR NAME

- If you have information that the vendor name is incorrect
 - Send a Vendor Change Request Form to Tammy Lyons
 - All TIN numbers must have a valid match with the vendor name on the IRS TIN Match website

VENDOR CHANGES

■ VENDOR/TIN NUMBER

- If you have information that the vendor TIN is incorrect
- Send a Vendor Change Request Form to Tammy Lyons
- If the vendor TIN Number changed during the year
 - Report on the vendor number that was paid
- TIN Number changed in a previous year but did not get updated
 - Cross-referenced vendor numbers will automatically roll payments into the current, valid vendor number

VENDOR CHANGES

■ Vendor/TIN number

- Payment was made to the wrong vendor
 - A correction cannot be processed. The payment is reportable to the vendor that received and redeemed the payment
- Payment was made to the right vendor but the wrong vendor number
 - Before January 18, 2019
 - Process a t/code 415/416 transfer
 - After January 18, 2019
 - Request a manual 1099-MISC correction

VENDOR CHANGES

■ VENDOR/TIN NUMBER

- Cross-referenced vendor numbers will automatically roll payments into the current, valid vendor number
 - After the 43M Screen has been populated this process must be done manually which will require a 1099-MISC Change Request form
- All TIN numbers must have a valid match with the vendor name on the IRS TIN Match website
 - See examples of TIN number changes

VENDOR CHANGES

■ Vendor Number

- If an incorrect Vendor Number was used
 - Payment was issued to a previous vendor number
 - request a vendor update to inactivate the previous vendor number and add the new vendor number on the 52 Vendor Profile
 - must be completed PRIOR to December month-end close (1/18/19)

Transactions must have a **December EFFECTIVE Date**

Vendor TIN Change Example

- **Example 1 Vendor changes TIN mid-year :**
 - John Lee was established as a vendor with an SSN on 3/10/14.
 - He established a partnership with an FEIN on 5/1/18 but did not inform the paying agency of the change until 9/12/18
 - John Lee was paid \$800 on 4/10/18 with his SSN.
 - John Lee was paid \$900 on 12/10/18 with his FEIN
 - John Lee had two reportable payments for 2018
 - \$800 to his SSN which was valid until 5/1/2018
 - \$900 to his FEIN which is valid from 5/1/2018 forward

Vendor TIN Change Example

- **Example 2 Vendor informs agency the TIN changed in a prior year:**
 - Roberta Wise is established on the vendor profile with an algorithm (SSN) on 5/1/2016
 - She receives a payment for \$500 in March 2018 using her algorithm number.
 - Roberta notifies the paying agency on 4/13/18 that her tax identification number changed in February 2017
 - Roberta receives a \$600 payment in October 2018 using her FEIN vendor number.

Vendor TIN Change Example

■ Example 2 cont:

- The new FEIN was activated on 4/13/18 with a note that it replaces Roberta's SSN as of 2/1/2018
- The SSN is inactivated
 - The new FEIN was added to the profile in the ALT VENDOR/FID: field (because this is a prior year change)
 - This tells the system to combine the payments issued to the SSN with the payments issued to the FEIN for 1099-MISC reporting
- Roberta Wise will receive one 1099-MISC form for both payments aggregated to the tax identification number that was valid for 2018
 - \$1,100 to the FEIN

VENDOR CHANGES

■ VENDOR CODING

- If the vendor appears to have incorrect coding on the 52 profile verify the following:
 - A Corporation or Non-Profit that is reportable
 - If the vendor has not returned a valid Form W-9 they will still be coded as reportable
 - No Vendor coding change is necessary
- Attorney coded incorrectly as not reportable
 - Send a Vendor Change Request form to request a correction prior to 1-18-19

VENDOR CHANGES

- Remember:
 - Changes on the vendor profile may require revised 1099-MISC forms to be generated
 - Vendor name updates
 - Vendor organization type updates
 - Vendor Change Request form required
 - A1099-MISC Change Request form is required for all reporting changes

HOW TO MAKE CHANGES TO REPORTING

- Remove reporting for vendor after 1-18-19
 - If a vendor has received a 1099-MISC for a payment that is not reportable
 - Submit a 1099-MISC Change Form request
 - Change FROM \$\$\$ TO 0.00 or the reduced amount
 - The amount of the change will be determined by the difference between the FROM amount listed and the TO amount for your agency
 - Use the IRS BOX number total for the CHANGE FROM amount

HOW TO MAKE CHANGES TO REPORTING

- If the change is due to a vendor organizational change
 - The vendor will be required to submit documentation of their non-reportable status before reporting is removed.
 - Including date of incorporation
 - Valid W-9 Form
- Add reporting for vendor after 1-18-19
 - If a vendor payment needs to be included for 1099-MISC reporting but was not:
 - Verify that the vendor is included on the 52 profile
 - If not, add the vendor
 - Submit a change request form
 - Change FROM 0.00 TO \$.\$\$

HOW TO MAKE CHANGES TO REPORTING

- Change Vendor number for reporting
AFTER 1/18/19
 - Requires two Change Request Forms
 - One with the incorrect Vendor number
 - Change FROM \$\$\$ TO 0.00
 - One with the correct Vendor Number
 - Change FROM 0.00 TO \$\$\$\$: or
 - Change FROM \$\$\$ TO \$\$\$
 - Add all reportable payments from both Vendor numbers
 - These two forms should be sent together
 - **DO NOT** process t/code 415/416 to move the payment to the correct vendor number

ADDRESS CHANGES

■ VENDOR ADDRESS

- 1099-MISC forms will be mailed to the name and address on the vendor 52 profile (mail code 000)
 - Regardless of the mail code on the actual payment
 - Keep this in mind if a 1099-MISC form is returned undeliverable
- If a 1099-MISC form is returned undeliverable
 - SFMS will contact the paying agency to obtain a corrected address
 - SFMS will update the vendor profile and mail the original 1099-MISC form to the vendor

HOW TO MAKE CHANGES

■ Summary

- After December month-end close ALL changes to 1099-MISC filing must be made manually by SFMS
- Complete a 1099-MISC Change Request Form
 - To move amounts between boxes
 - To change reportable amount to the correct TIN number
 - To remove a reportable amount
 - To add reporting for a vendor not already on file

1099-CHANGE REQUEST FORM

- Fill out a separate change request form for each change/vendor requested
 - Include your name, agency, phone number, fax number, authorized signature
 - Include the payment year, vendor name and Vendor TIN number
 - SSN's are not required
 - DO NOT include any information in the Reference Number field
 - Do not double side this form
- If you have a large number of the same type of changes, they may be submitted on a spreadsheet.
 - Contact me prior to creating the spreadsheet for details

1099-CHANGE REQUEST FORM

■ CHANGE FROM column

- The amount listed on your agency DAFR7940 report
 - It is helpful if the amount of the change is reflected in the explanation area on the change request form
 - Ex. Move \$600 from box 6 to box 7
 - If the amount on the DAFR7940 report is 0.00, you must write 0.00 in the Change From column

■ CHANGE TO column

- The correct reportable amount.
 - If the amount to be reported is 0.00, you must write 0.00 in the Change To column

1099-CHANGE REQUEST FORM

- Make changes to the amounts paid by your agency only
 - Do not use the reportable amount from the 43M screen, this amount may include other agency payments.
 - Use the Total Payment Amount for the specific box number listed on the DAFR7940 report for your agency.

The change request form is available at:

- <http://www.oregon.gov/das/Financial/AcctgSys/Pages/forms.aspx>
 - Select 1099 Change Request at the bottom of the page

1099-CHANGE REQUEST FORM

- All payments made to a single vendor will be rolled-up on the 43M screen.
 - If more than one agency paid the vendor, the total amount on the IRS box will not match the total listed on your DAFR7940.
- When requesting a change to the 43M screen, keep this in mind. You only want to make changes to the amounts paid by your agency.

COPIES of 1099-MISC

- If a vendor requests a copy of Form 1099-MISC
 - Send the request for a copy via fax or email include the following information:
 - Vendor number – FEIN or algorithm number
 - Vendor name
 - **Tax year requested**
 - Verification that the address on the 52 vendor profile is correct
 - 1099-MISC forms are held on-site for 6 tax years

CURRENT YEAR CORRECTIONS

- If you determine that a corrected Form 1099-MISC is needed
 - Send a 1099-MISC change request form as soon as the error is discovered
 - Corrected forms will be mailed according to the 1099-MISC print schedule

PRIOR YEAR CORRECTIONS

- If you determine that a corrected Form 1099-MISC is needed for a prior year
 - Send a 1099-MISC change request form
 - Specify and highlight the tax year
 - Prior year corrections cannot be processed until the current year has finished processing in April

VOLUNTEER PAYMENTS

- Meals are reportable to volunteers
 - Meals are reportable whenever there is no overnight stay
- Volunteer drivers are NOT medical transport
- Volunteers do not provide medical services

VOLUNTEER PAYMENTS

- The following D10 Comptroller Objects will eliminate the need for agencies to process change requests at year end to keep these individuals from receiving a 1099-MISC form.
- These COBJ's pertain to Volunteers, board members and potential employees who should not receive a 1099-MISC form when their non-taxable reimbursements are paid.

VOLUNTEER PAYMENTS

- Non-Reportable Travel COBJ's for Volunteers and Board Members when agencies do not want to split out meals and lodging on a reimbursement basis:
 - 4104 – Instate Travel Miscellaneous Expense
 - 4111 – Instate Mileage Reimbursmnt-Volunteers
 - 4112 – Instate Mileage Reimbursmnt-Nonemployee
 - 4154 – Out-Of-State Travel Misc Expense

VOLUNTEER PAYMENTS

■ Continued:

- 4164 – Out-of-state Mileage Reimb-Volunteers
- 4165 – Out-of-state Mileage Reimb-Nonemployee
- 4446 – Employee Recruit Travel Reimb
 - You may re-class payments to volunteers or Board Members to these non-reportable COBJ's before December month-end close

VOLUNTEER PAYMENTS

■ 4104 –INSTATE TRAVEL MISCELLANEOUS EXPENSE

- This comptroller object should be used for volunteers and board/commission members who are profiled on the vendor screen with their Social Security Number and 1099 indicator “Y”. This comptroller object may also be used for employees if your agency is reimbursing an employee and does not need to distinguish between meals and lodging. It is not appropriate to use this comptroller object for meals with no overnight stay, which are taxable.

VOLUNTEER PAYMENTS

■ 4111 - INSTATE MILEAGE REIMBURSEMENT- VOLUNTEERS

- Board and Commission members should be under this non-reportable volunteer code.
- For reimbursements to volunteers and other non-state employees. This will allow better analysis of the true cost of travel for state employees on state business and may determine where the state should examine other, possibly more cost effective ways to provide vehicle transportation for these volunteer and agent of the state situations.
- Reimbursements to nonemployees is at the full rate.
- Reimbursements to volunteers
 - DOJ has advised DAS that volunteers can be reimbursed at full rate without consequences.

VOLUNTEER PAYMENTS

■ 4112 - INSTATE MILEAGE REIMBURSEMENT- NONEMPLOYEE

- Advisors, Consultants, DHS clients who get mileage to travel to treatment, private investigators, and contracted public defender attorney's should be under this non-reportable nonemployee code.
- For reimbursements to volunteers and other non-state employees. This will allow better analysis of the true cost of travel for state employees on state business and may determine where the state should examine other, possibly more cost effective ways to provide vehicle transportation for these volunteer and agent of the state situations.
- Reimbursements to nonemployees is at the full rate.
- Reimbursements to volunteers
 - DOJ has advised DAS that volunteers can be reimbursed at full rate without consequences.

VOLUNTEER PAYMENTS

■ 4154 – OUT-OF-STATE TRAVEL MISC EXPENSE

- This comptroller object should be used for volunteers and board/commission members who are profiled on the vendor screen with their Social Security Number and 1099 indicator “Y”. This comptroller object may also be used for employees if your agency is reimbursing an employee and does not need to distinguish between meals and lodging. It is not appropriate to use this comptroller object for meals with no overnight stay, which are taxable.

VOLUNTEER PAYMENTS

■ 4164 - OUT-OF-STATE MILEAGE REIMB- VOLUNTEERS

- Board and Commission members should be under this non-reportable volunteer code.
- For reimbursements to volunteers and other non-state employees. This will allow better analysis of the true cost of travel for state employees on state business and may determine where the state should examine other, possibly more cost effective ways to provide vehicle transportation for these volunteer and agent of the state situations.
- Reimbursements to nonemployees is at the full rate.
- Reimbursements to volunteers
 - DOJ has advised DAS that volunteers can be reimbursed at full rate without consequences.

VOLUNTEER PAYMENTS

■ 4165 - OUT-OF-STATE MILEAGE REIMB- NONEMPLOYEE

- Advisors, Consultants, DHS clients who get mileage to travel to treatment, private investigators, and contracted public defender attorney's should be under this non-reportable nonemployee code.
- For reimbursements to volunteers and other non-state employees. This will allow better analysis of the true cost of travel for state employees on state business and may determine where the state should examine other, possibly more cost effective ways to provide vehicle transportation for these volunteer and agent of the state situations.
- Reimbursements to nonemployees is at the full rate.
- Reimbursements to volunteers
 - DOJ has advised DAS that volunteers can be reimbursed at full rate without consequences.

VOLUNTEER PAYMENTS

- **4446 –EMPLOYEE RECRUIT TRAVEL REIMB**
 - This comptroller object should be used for potential employees receiving travel related reimbursements who are profiled on the vendor screen with their Social Security Number and 1099 indicator “Y”. This COBJ for the recruits that are hired, use COBJ 4444 for recruitment candidates that are not hired.

VOLUNTEER PAYMENTS

■ 4977 - AGENCY PROGRAM RELATED REIMBURSEMENTS

- This comptroller object should be used for reimbursements for program purposes, to retain these expenses coded as Agency Program-Related Services. This COBJ should be used when reclassifying expenses using COBJ 4104 or 4154 would incorrectly commingle these program-related reimbursements with other reimbursements that are truly the agency's travel expenses.

E099 REPORT

- This is a report of state employees that received payments using reportable comptroller objects (D10-COBJ).
- No 1099-MISC will be issued
 - No SSN or algorithm number payments should be listed on the DAFRE099 report

E099 REPORT

- If there are reportable payments that were made to employees that **did not pertain to their job**, these payments are reportable on form 1099-MISC.
 - i.e. an employee provides taxidermy services through their established business.
- Complete a 1099-MISC Change Request form to ADD the reporting

E099 REPORT

- Reimbursements for employee travel (on an accountable plan), fringe benefits, and awards are not reportable to the employee on form 1099-MISC.
 - These payments are employee expenses and if reportable, would be included on the employee form W-2.

E099 REPORT

- Review the DAFRE099 report and verify that payments to employees were made as an employee expense.
 - If payments made (to an employee) were payments or reimbursements for employee expenses, do not request a form 1099- MISC
 - If payments made for reportable, non-employee related expenses, but are not for more than \$600, do not request a form 1099- MISC

EMPLOYEES AS VENDORS

- ALL reportable payments made to employees should be processed with the employee SSN not the employee ID number
- Employees will NOT be listed on your DAFR7940 report
 - 1OR#####
 - Employees with payments using reportable COBJ's will be included on DAFRE099

EMPLOYEE VS CONTRACTOR

■ Employee vs. Contractor

- In past decisions, the IRS has determined that if there is an employee/employer relationship for one job, it applies to all jobs
- Office Specialist also performs janitorial duties on nights/weekends
- ***In this instance an employee/employer relationship exists and requires these payments to be issued through payroll***

EMPLOYEE VS CONTRACTOR

- Some of the criteria to determine employee status:
 - Required to wear uniforms/dress code
 - Required to work certain hours
 - Worker does not advertise for customers
 - Agency provides training
 - Agency provides office space/supplies
 - Stands no risk of loss

EMPLOYEE VS CONTRACTOR

- Employee vs. Contractor Resources
 - Publication 1779
 - Provides factors used to help determine worker status
 - Publication 15A
 - Form SS-8
 - Can be with IRS by firm or worker to determine worker status
 - Publication 937, Employment Taxes and Information Returns

1099-MISC Checklist

1. Identify which vendors your agency uses that are 1099-Misc reportable.
2. Review IRS regulations (or enclosed filing guideline) to become familiar with what type of taxpayer identification number is required for each type of entity and how to ask a payee for the correct number.
3. Review 1099-MISC reportable vendors for possible changes in name, address, or entity type.

1099-MISC Checklist

4. Contact vendors with possible changes (from 2 above) to verify correct information on file, or to update information to be accurate for reporting.
5. Review vendor activity to verify 1099-MISC reportable payments are coded to the correct expenditure object codes.
6. Review purchases or confer with other accounting staff, to verify 1099-MISC reportable activity has not been buried in capital outlay or other expenditure object not captured by accounting system as reportable.

1099-MISC Checklist

7. Verify adjustments made manually such as warrants returned for cancellation or stop pay are reflected on the DAFR7940 report.
8. Correct reporting for warrant cancel and stop pay transactions processed in 2019 for warrants issued in 2018.

Helpful Information

- Payment description on the VP document
 - Descriptions are helpful to answer vendor questions about what a payment was for.
 - If SFMS can answer the vendor question with the information available on the VP document, it will not be necessary to request the paying agency to contact the vendor

2018 1099-MISC Timeline

- **DAFR7940** reports will be generated at month-end close in Oct, Nov, & Jan and on Dec 31
 - These reports will be mailed directly to the agency as a control report
 - DAFR7940 is available electronically
 - If you do not receive your reports contact me as soon as possible
- **OCTOBER 12, 2018 (Past)**
- **NOVEMBER 16, 2018 (Past)**
- **DECEMBER 31, 2018**
- **JANUARY 18, 2019** – this is the final copy, keep for your records

2018 1099-MISC Timeline

JANUARY 2019

- 1/18/2019
 - final day for agency on-line corrections (TC 415/416)
 - 43M Screen populated for agency viewing (after batch cycle)
- 1/22/2019
 - Run report of employee vendors with reportable payments – E099
 - SFMS distributes copy to agencies & keeps one copy for files
- 1/22-24/2019
 - Agencies submit corrections to SFMS for manual input
 - SFMS central inputs manual corrections

2018 1099-MISC Timeline

JANUARY 2019 cont

- 1/24/2019
 - Last day to request changes to 1099-MISC forms before the form is printed and the file sent to the IRS
- 1/29/2019
 - IRS file generated
- 1/31/2019
 - IRS electronic 1099-Misc file submitted
 - DOR electronic 1099-Misc file submitted

2018 1099-MISC Timeline

FEBRUARY 2019

- 2/7/2019
 - Corrected 1099-MISC forms mailed to vendors from the Print Plant
- 2/21/2019
 - Corrected 1099-MISC forms mailed to vendors from the Print Plant

2018 1099-MISC Timeline

MARCH 2019

- 3/1/2019
 - Correction file submitted to the IRS
 - Correction file submitted to DOR
- 3/14/2019
 - Corrected 1099-MISC forms mailed to vendors from the Print Plant
- 3/28/2019
 - Corrected 1099-MISC forms mailed to vendors from the Print Plant

2018 1099-MISC Timeline

APRIL 2019

- 4/1/2019
 - Correction file submitted to the IRS
 - Correction file submitted to DOR
- 4/11/2019
 - Corrected 1099-MISC forms mailed to vendors from the Print Plant
- 4/24/2019
 - Final date for 1099-MISC changes for tax year 2018
- 4/25/2019
 - Final Corrected 1099-MISC forms mailed to vendors from the Print Plant
- 4/30/2019
 - Final correction file submitted to the IRS

BACKUP WITHHOLDING

- 24% of reportable amount for U.S. vendors for the following conditions:
 - Missing/Incorrect TIN from payee
 - Payee refuses or neglects to provide TIN
 - Payee is on B-Notice list from the IRS
 - And has not complied with notification

Backup withhold begins immediately on any reportable payments, until a valid TIN is received on a signed and dated Form W-9 from the payee.



So far this year there have not been any backup withholding transactions

FAQ

- If I hire a contractor and the fees include travel reimbursement expenses, how are they reported?
 - If your agency is on an accountable plan, and
 - Travel expenses are substantiated, and
 - Any excess payment is reimbursed
 - **NO REPORTING IS REQUIRED FOR THE TRAVEL REIMBURSEMENT PORTION**
 - This may require a manual change

FAQ

- How can a vendor get a copy if they cannot find their 1099-MISC?
 - Send a request for a copy to Karlene.Hancock@Oregon.gov
 - Include the tax year requested
 - Include the vendor address or fax number if they want the form faxed
 - 1099-MISC forms are held on-site for 6 tax years

FAQ

- What if the vendor never received their 1099-MISC form?
 - Verify that a form was generated by checking the 43M screen
 - Verify the vendor address on the 52 screen
 - Request a reprint if necessary
 - If the form was returned undeliverable verification of the mailing address is required
 - A reprint or a copy will be sent to the vendor, whichever is more expedient

FAQ

- Why does SFMS send vendor questions about reporting to agencies?
 - SFMS does not have a relationship with the vendor
 - SFMS does not have any documentation regarding what payments are issued for
 - Services or supplies or reimbursements
 - SFMS will not change a reporting amount without an agency request – a properly filled out and signed 1099 request change form

FAQ

- When are corrections for 1099-MISC forms sent out?
 - The schedule for mailing corrected forms is:
 - 2/7/2019
 - 2/21/2019
 - 3/14/2019
 - 3/28/2019
 - 4/11/2019
 - 4/25/2019

FAQ

■ Examples of reportable payments

■ Box 7 – Non-Employee Compensation

- Advertising
- Auto repair
- Construction
- Custodial/maintenance/rubbish removal
- Professional services
- Attorney fees
 - If compensation then enter in box 7, use box 14 for gross payments from settlements
- Consultants

FAQ

- Examples of reportable payments
 - Box 6 – Medical & Health Care Services
 - Ambulance services
 - Dentists
 - Doctors
 - For-profit hospitals
 - Lab services
 - Private duty nurses
 - Rehabilitation centers
 - Psychiatrists, psychologists
 - Therapists

FAQ

■ Examples of reportable payments

■ Box 1- Rents

- Office space
- Parking lot space
- Welfare rental assistance
- Equipment

FAQ

■ Where can I find more information about 1099's?

- For Federal, State, and Local Governments
 - https://www.irs.gov/government-entities/federal-state-local-governments/fslg-customer-services?_ga=1.33715689.951985001.1372184613
- Forms and publications
 - www.irs.gov/formspubs
 - Link to download forms and publications and other educational resources

FAQ

- Where can I find more information about 1099's?
 - Forms and publications cont
 - Publication 15-A – Employer's Supplemental Tax Guide
 - <https://www.irs.gov/pub/irs-pdf/p15a.pdf>
 - General Instructions for Form 1099
 - <https://www.irs.gov/pub/irs-pdf/i1099gi.pdf>
 - Publication 1779 – Independent Contractor or Employee
 - <https://www.irs.gov/pub/irs-pdf/p1779.pdf>

QUIZ

- What happens if a warrant issued in 2018 is canceled/stop pay in 2019 before Dec month end?
 - The vendor gets reported for income they did not receive
- What happens if I process a transfer with a 2019 effective date to correct a 2018 transaction?
 - The transfer transaction will not affect 2018 reporting but will affect 2019 reporting

QUIZ

- What happens if a 1099-MISC form is undeliverable?
 - SFMS will contact the paying agency with the vendor name and vendor number
 - The agency needs to find a valid mailing address and send a Vendor Change Request form to have the profile updated
 - The 1099-MISC form is mailed to the 52 profile address
 - If a valid mailing address cannot be determined, the vendor will be inactivated

QUESTIONS, THOUGHTS, IDEAS

- WHO
- WHAT
- WHERE
- WHEN
- WHY
- HOW

