



# **Tax Year 2019 1099-MISC Training for State Agency Use ONLY Presented 12/05/2019**

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## General Housekeeping (DOR Reporting)



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

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## TAX YEAR 2019



1099-MISC forms issued through SFMA will be filed with the IRS by January 31, 2020.

Updates for 1099-MISC for attorney payments in box 14 and Risk Mgmt claim payments need to be received before January 23, 2020

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# TAX YEAR 2019



If your agency files 1099-MISC forms for payments issued through a sub-system your agency is responsible for filing these by January 31, 2020

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# RESPONSIBILITIES



## DAS-SFMS

- Federal Filing
- State Filing – Dept of Revenue
- Printing and mailing of original and correction 1099-MISC forms

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# 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)

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# RESPONSIBILITIES



## AGENCIES

Accuracy of all information reported on the 1099-MISC form

Vendor name, address, reporting amount, reporting box

SFMS does not have a relationship with the vendor

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# RESPONSIBILITIES



## AGENCIES cont

All payments issued through agency sub-systems

Penalty charges if assessed

Payee statement not generated by the due date of January 31

\$250 per statement

This means that if you add new vendor reporting, a penalty could be assessed.

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# 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

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# 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.

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# RESPONSIBILITIES



## AGENCIES cont

The following 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)

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## Where Does the Information Come From



Transactions on the cumulative payment table with an effective date between 1/1/19 – 12/31/19

- Warrants
- Direct Deposits (12/28/18-12/27/19)
- Transfers
- Cancellations
- Stop Payments
- Backup Withholding

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## Where Does the Information Come From



Vendors who have a value of 'Y' in the 1099 IND field on the 52 profile

**AND**

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

**Both of these conditions must be met**

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## 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

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## WHO IS REPORTABLE



Any vendor with a 'Y' in the 1099 indicator field on the 52 profile

- vendors who have not returned a valid Form W-9  
Vendor type = '8' or '9'
- non-profits who have not returned a certificate of non-profit status

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# WHO IS REPORTABLE



S052 UC: 02 STATE OF OREGON 12/03/19 02:56 PM  
 LINK TO: \_\_\_\_\_ SYSTEMWIDE VENDOR PROFILE PROD  
 VENDOR NO: 1930093052 NAME CONTROL: MILT  
 VENDOR NAME: MILTON FREEWATER AMERICAN LEGION POST #24  
 SEARCH NAMES: MILTON FREEWATER AMERICAN MILTO 97862  
 ALT VENDOR/FID: \_\_\_\_\_ 1099 IND: Y FEI/SSN IND: E REASON CODE: ADD  
 VENDOR TYPE: 9 OWNRSHP CD: I TIN MATCH: Y TIN: 930093052  
 ADDRESS: P O BOX 261  
 \_\_\_\_\_  
 \_\_\_\_\_  
 CITY: MILTON FREEWATER ST: OR ZIP: 97862 CNTRY: \_\_\_\_\_  
 VENDOR CONTACT: \_\_\_\_\_ TAX OFFSET EXMPT: N  
 TELEPHONE: \_\_\_\_\_ EXT: \_\_\_\_\_ FAX: \_\_\_\_\_ HOLD RSN: \_\_\_\_\_  
 PDT: MA EMAIL: \_\_\_\_\_ PNI: \_\_\_\_\_  
 AGY: 100 CONTACT: CHERYLYN CURHTS PHONE: 503 945 6872  
 UPDATED BY: DAFJ459 DIR DEP DATE: \_\_\_\_\_  
 ABA NUMBER: \_\_\_\_\_ ACCT NO/TYPE: \_\_\_\_\_ FORMAT: \_\_\_\_\_  
 W9 REQUEST DATE: 07012019 BU/WH EFF DATE: \_\_\_\_\_ STATUS CODE: I  
 EFF START DATE: 06272019 EFF END DATE: \_\_\_\_\_ LAST PROC DATE: 08052019  
 Z06 RECORD SUCCESSFULLY RECALLED

# WHO IS NOT REPORTABLE



## Corporations

No corporate exemption for medical corporations or attorneys

## Not for Profit Organizations

Exemption certificate required/Verified via IRS.GOV

## State/Local/Federal Governments

## Employees

## Dummy Vendors (9#####)

## WHO IS NOT REPORTABLE



### Foreign Vendors

Vendors with aggregate payments <\$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

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## WHAT IS REPORTABLE



### Summarize:

All conditions must be met for vendor to receive 1099-MISC

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

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# 1099 Box Explanation



## 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.
- Payments to dependent care providers
  - If only providing care for a relative

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# 1099 Box Explanation



## 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.

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# 1099 Box Explanation



## Box 4 – Federal Income Tax Withheld

### Backup Withholding Amounts

- 24% of the payment
- Bu/Wh amount is included in the 'gross amount' of the payment reported in box 7

Example: \$1000 payment with bu/wh

Report \$1000 in box 7

Report \$240 in box 4

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# 1099 Box Explanation



## 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

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## 1099 Box Explanation



### 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

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## 1099 Box Explanation



### Box 6 – Medical and Health Care Payments – cont

- 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
- Do NOT include payments for prescription drugs with no service

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# 1099 Box Explanation



## Box 7 – Non-employee Compensation

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

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# 1099 Box Explanation



## 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

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# 1099 Box Explanation



## 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.

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# 1099 Box Explanation



## 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

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## 1099 Reportable Charges for Fixed Assets



Occasionally charges can be both 1099-MISC reportable and capitalized as a fixed asset(s).

- 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.

Costs may be charged to a capital outlay account and capitalized.

If costs are charged to service and supplies accounts and then capitalized please use the comptroller object that is 1099 reportable (5105 - 5905).

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.

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## 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, utilities, freight, storage, and similar payments

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## Payments That Do Not Require a 1099-MISC



Wages paid to employees (report of Form W-2)  
 Business travel allowances paid to employees - may be reportable on Form W-2 (E099 Rpt)  
 Fees paid to informants for information about criminal activity  
 Scholarships or fellowship grants  
 Difficulty-of-care payments to foster-care providers  
 Canceled debt

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## 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

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## 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

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## INFORMATION ON THE DAFR7940 REPORT



### Cur Document Number/sfx

#### ZE documents (liquidation)

- The ZE document number contains the  
payment date

ZE63019R

This document number is 2019/06/30 Regular  
cycle

- This may be helpful when reviewing  
payments issued since the last  
DAFR7940

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## 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

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## INFORMATION ON THE DAFR7940 REPORT



DAFR7940 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

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## INFORMATION ON THE DAFR7940 REPORT



### VENDOR NAME – Appears not 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

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## 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

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## HOW TO MAKE CHANGES BEFORE Jan 17, 2020



### 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
- Include the vendor number on the reclass transaction so the change will be reflected on the next DAFR7940

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## HOW TO MAKE CHANGES BEFORE Jan 17, 2020



### CAUTION

ALL t/code 415/416 transactions with a 2020 effective date will be included on NEXT years DAFR7940 report

Effective date must be no later than **December 31, 2019**

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## HOW TO MAKE CHANGES BEFORE Jan 17, 2020



COBJ (D10)/AOBJ (D11) changes for 2019 1099-MISC reporting can only be processed before December month-end close on **1/17/2020**

- Transactions entered January 2 thru January 17, 2020 must have a **December 2019 EFFECTIVE Date**
- DO NOT process a t/code 415/416 transfer for a 2019 transaction after this date as it will effect 2020 1099-MISC reporting

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## HOW TO MAKE CHANGES AFTER Jan 17, 2020



Form: [http://www.oregon.gov/das/Financial/AcctgSys/Documents/CHG\\_REQ.pdf](http://www.oregon.gov/das/Financial/AcctgSys/Documents/CHG_REQ.pdf)

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

Fax 503-378-8940

Email [Karlene.Hancock@Oregon.gov](mailto:Karlene.Hancock@Oregon.gov)

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## VENDOR CHANGES



For vendor changes:

Tammy Lyons

Phone 503-373-0256

Fax 503-378-8940

Email [SFMS1.Vendor@Oregon.gov](mailto:SFMS1.Vendor@Oregon.gov)

A Vendor Change Request Form should be used for all vendor changes/updates

Including 1099-MISC related changes

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## VENDOR CHANGES



### VENDOR NAME

- If you have information that the vendor name is incorrect

All TIN numbers must have a valid match with the vendor name on the IRS TIN Match website

- 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

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## 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 17, 2020
    - Process a t/code 415/416 transfer
  - After January 17, 2020
    - Request a manual 1099-MISC correction

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## VENDOR CHANGES Example



### Example 1 Vendor changes TIN mid-year :

- Linus VanPelt was established as a vendor with an SSN in 2014.
- He established a partnership with an FEIN on 5/1/19 but did not inform the paying agency of the change until 9/30/2019
- Linus VanPelt was paid \$800 on 3/14/19 with his SSN.
- Linus VanPelt was paid \$900 on 12/15/19 with his FEIN
- Linus VanPelt had two reportable payments for 2019
  - \$800 to his SSN which was valid prior to 5/1/19
  - \$900 to his FEIN which is valid from 5/1/2019 forward

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## VENDOR CHANGES Example



### Example 2 Vendor informs agency the TIN changed in a prior year:

- Sally Brown is established on the vendor profile with an algorithm (SSN) in 2017
  - Sally Brown receives a payment for \$500 3/15/19 using her algorithm number.
- Sally Brown notifies the paying agency on 4/15/19 that her tax identification number changed in February 2018
  - Sally Brown receives a \$600 payment in October 2019 using her FEIN vendor number.

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## VENDOR CHANGES Example



### Example 2 cont:

- The new FEIN was activated on 4/15/19 with a note that it replaces Sally'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
- Sally Brown will receive one 1099-MISC form for both payments aggregated to the tax identification number that was valid for 2019
  - \$1,100 to the FEIN

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## 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 1-17-20

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## 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 after 1/17/20

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## HOW TO MAKE CHANGES TO REPORTING



### Remove reporting for vendor after 1/17/20

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

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## 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 1-17-20

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 \$.\$\$

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## HOW TO MAKE CHANGES TO REPORTING



### Change Vendor number for reporting AFTER 1/17/20

- 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

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## 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

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## Vendor Address & Undeliverable 1099's



### 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

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## 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

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# 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

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# 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

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## 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.

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## 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

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## 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

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## 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 4 tax years

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## VOLUNTEER PAYMENTS



Meals are reportable to volunteers but not if there is an overnight stay

Volunteer drivers are NOT medical transport

Volunteers do not provide medical services

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## 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

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## 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

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## E099 REPORT



- This is a report of state employees that received payments using reportable comptroller objects (D10-COBJ).
- No 1099-MISC will be issued to an OR#

No SSN or algorithm number payments should be listed on the DAFRE099 report

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# 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



AGENCY	VENDOR NO	NAME	COMP #	IRS #	DOC#	DOC SFX	MM DATE	AMOUNT
100		JANE F PADGETT	4108	7	VITA4606	004	20180618	26
100		JANE F PADGETT	4108	7	VITA4650	004	20180618	11.28
100		JANE C PADGETT	4424	7	VP745371	004	20180601	8.40
100		JANE C PADGETT	4424	7	VP745371	004	20180601	8.40
100		JANE S PADGETT	4426	7	VP745371	003	20180601	11.75
100		JANE S PADGETT	4426	7	VP745371	003	20180601	6.77
100		JANE S PADGETT	4108	7	VITA0472	003	20180719	143.14
100		JANE S PADGETT	4108	7	VITA0472	003	20180719	144.14
100		JANE S PADGETT	4108	7	VITA0472	004	20180719	5.95
100		JANE S PADGETT	4107	7	VITA0472	004	20180719	24.00
100		JANE S PADGETT	4106	3	VITA0472	005	20180719	96.93
100		JANE S PADGETT	4107	7	VITA0472	004	20180719	1.20
100		JANE S PADGETT	4108	7	VITA0472	005	20180719	100.88
100		JANE S PADGETT	4108	7	VITA0472	001	20180719	18.90
100		JANE S PADGETT	4105	7	VITA0472	001	20180719	12.24
100		STACEY BALSCHNER	4108	7	VITA8986	001	20180623	1,434.06
100		STACEY BALSCHNER	4108	7	VITA8986	001	20180622	4.00
100		STACEY BALSCHNER	4108	7	VITA8986	001	20180622	1.96
100		STACEY BALSCHNER	4108	7	VITA8986	001	20180622	3.00
100		STACEY BALSCHNER	4108	7	VITA8986	001	20180622	11.00
100		LORI E MCCANNA	4106	3	VITA494E	002	20180507	5.92
100		LORI E MCCANNA	4106	3	VITA494E	002	20180507	76.76
100		LORI E MCCANNA	4433	3	VP745371	003	20180731	126.29
100		LORI E MCCANNA	4433	3	VP745371	003	20180731	6.72
100		LORI E MCCANNA	4433	3	VITA0775	003	20180731	123.72
100		LORI E MCCANNA	4433	3	VITA0775	002	20180731	6.18
100		LORI E MCCANNA	4433	3	VITA0775	001	20180731	180.92
100		LORI E MCCANNA	4106	3	VITA3A12	002	20180311	3.09
100		LORI E MCCANNA	4106	3	VITA3A12	001	20180311	49.44
100		LORI E MCCANNA	4106	3	VITA3A12	001	20180311	10.49
100		LORI E MCCANNA	4106	3	VITA3A12	001	20180308	96.71
100		LORI E MCCANNA	4106	3	VITA3A12	002	20180308	96.74
100		LORI E MCCANNA	4106	3	VITA3A12	001	20181031	6.18
100		LORI E MCCANNA	4106	3	VITA3A12	001	20181031	100.88
100		LORI E MCCANNA	4106	3	VITA2072	001	20181031	1,289.64

## 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.

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## 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#####

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## 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***

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## 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

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## 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

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## 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.

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## 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.

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## 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 2020 for warrants issued in 2019.

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## 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

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## 2019 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 11, 2019 (Past)**

**NOVEMBER 15, 2019 (Past)**

**DECEMBER 31, 2019**

**JANUARY 17, 2020 – this is the final copy, keep for your records**

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## 2019 1099-MISC Timeline



### JANUARY 2020

- 1/17/2020
  - final day for agency on-line corrections (TC 415/416)
  - 43M Screen populated for agency viewing (after batch cycle)
- 1/21/2020
  - Run report of employee vendors with reportable payments – E099
  - SFMS distributes copy to agencies & keeps one copy for files
- 1/22-23/2020
  - Agencies submit corrections to SFMS for manual input
  - SFMS central inputs manual corrections

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## 2019 1099-MISC Timeline



### JANUARY 2020 cont

- 1/23/2020
  - Last day to request changes to 1099-MISC forms before the form is printed and the file sent to the IRS
- 1/28/2020
  - IRS file generated
- 1/31/2020
  - IRS electronic 1099-Misc file submitted
  - DOR electronic 1099-Misc file submitted

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## 2019 1099-MISC Timeline



### FEBRUARY 2020

- 2/13/2020
  - Corrected 1099-MISC forms mailed to vendors from the Print Plant
- 2/27/2020
  - Corrected 1099-MISC forms mailed to vendors from the Print Plant

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## 2019 1099-MISC Timeline



### MARCH 2020

- 3/2/2020
  - Correction file submitted to the IRS
  - Correction file submitted to DOR
- 3/12/2020
  - Corrected 1099-MISC forms mailed to vendors from the Print Plant
- 3/26/2020
  - Corrected 1099-MISC forms mailed to vendors from the Print Plant

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## 2019 1099-MISC Timeline



### APRIL 2020

- 4/1/2020
  - Correction file submitted to the IRS
  - Correction file submitted to DOR
- 4/09/2020
  - Corrected 1099-MISC forms mailed to vendors from the Print Plant
- 4/23/2020
  - Final date for 1099-MISC changes for tax year 2019
- 4/24/2020
  - Final Corrected 1099-MISC forms mailed to vendors from the Print Plant
- 5/01/2020
  - Final correction file submitted to the IRS

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## 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
- 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 on domestic 1099 Reportable Vendors

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## 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

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## 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

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## 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](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](http://www.irs.gov/formspubs)
    - Link to download forms and publications and other educational resources

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## 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>

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# Questions?

DAS  
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ADMINISTRATIVE  
SERVICES



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