1099 Processing Instructions

The Internal Revenue Service (IRS) requires that recipients of certain financial transactions pay taxes on those transactions. The providers of taxable benefits are required to notify the recipients of such taxable transactions and must file all returns with the IRS. The information returned shows the reportable income for the vendor during the tax year. Currently five types of 1099 forms are issued; 1099-MISC for miscellaneous income, 1099-INT for interest income, 1099-S for real estate transactions, 1099-G for government grants, and 1099-NEC for nonemployee compensation.

Terminology

1099 Reporting Classification Page (1099CL)- Establishes valid 1099 Reporting Classification Codes, and the relationship between vendor Organization Type, Vendor Organization Classifications, TIN Types, and 1099 Classifications.

1099 Maintenance Document (M1099)- Enables authorized users to create or modify records on the 1099 Reported Income Page (1099R).

1099 Reporting Information Page (1099I)- Defines valid Taxpayer ID Number (TIN) and TIN Type combinations and provide tax related information for the 1099 Reporting process.

1099 Reported Income Page (1099R)- Records the consolidated income from the 1099 Journal per Taxpayer ID Number and Taxpayer ID Number Type. The page is initially updated with records from the 1099 Journal the first time the 1099 process is executed for a calendar year. From that point on, any updates or corrections to 1099 information are done here.

1099 Type of Income Table (TINC)- Defines the valid values for an income type and Form Type used in the 1099 reporting process.

1099 Reporting Payer Information Table (1099RP)- Defines the information Taxpayer Identification Number (TIN) Type, Name, Address, and contact Information for each Reporting Payer for whom you report to the IRS.

Department Fiscal Year Controls (DEPTFY)- This page allows departments to set controls that differ from one fiscal year to another. It contains a 1099 Reporting Payer field that may be used to define the 1099 Reporting Payer associated with the Department Fiscal Year Record.

Business Intelligence- A combined reporting solution that provides a warehouse for wvOASIS data, tools to populate the warehouse efficiently, a toolset to access the data in the warehouse, and pre-defined folders that allow easy access to the information.

Taxpayer ID Number (TIN)- The number used by the Internal Revenue Service to identify taxpaying entities

Taxpayer ID Number Type- A further breakdown of a Taxpayer Identification Number indicating whether it is an Employer Identification Number (EIN) or Social Security Number (SSN).

Vendor/Customer Creation Document (VCC)- A document that allows you to add new records to the Vendor/Customer (VCUST) table, 1099 Reporting Information table, and the Customer Account Options table. The VCC document is sent through workflow and the approval process.

Vendor/Customer Modification Document (VCM)- The document that is used to modify or add to an existing vendor or customer record. This document is used to update Vendor/Customer table information, Customer Account Options table information, and 1099 Reporting Information table information. This document is sent through workflow and the approval process.

Vendor/Customer Table (VCUST)- This table contains all vendors and customers that are used throughout wvOASIS.

Valid Vendor Organization and 1099 Reporting Classification Page (VORGCL)- This page establishes the valid combinations of Organization Type, Organization Classification, TIN Type, and 1099 Reporting Classification.

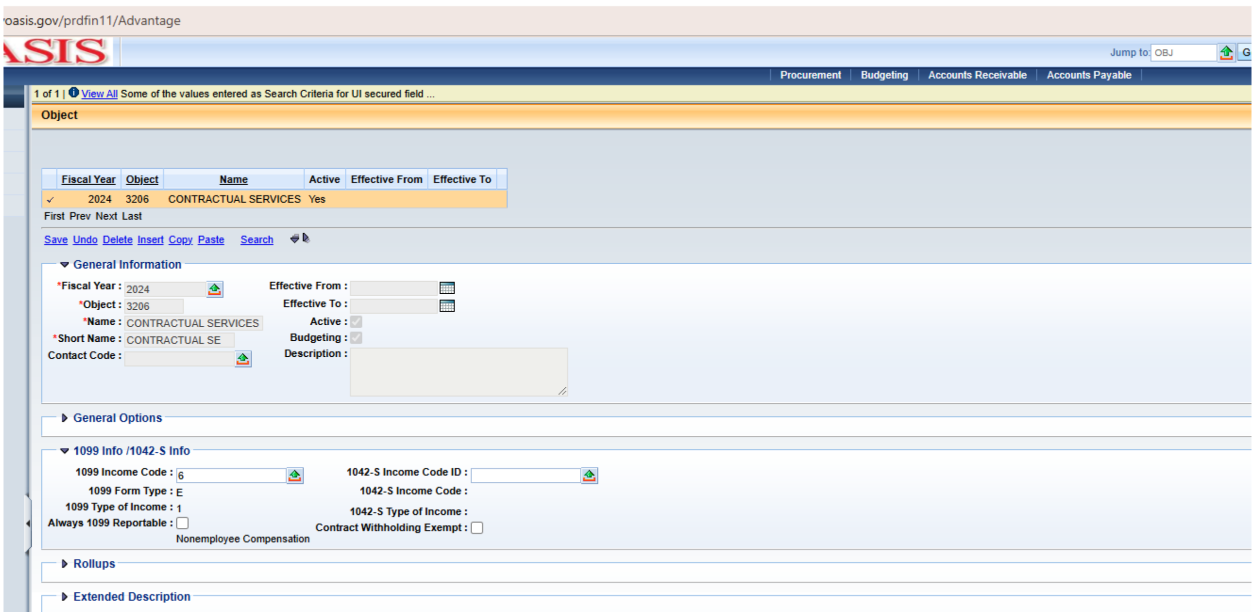
TABLE SET UP FOR 1099 PROCESSING

Multiple tables are required for the setup of 1099 processing in wvOASIS. Many of the tables are configured with the implementation of wvOASIS, and will not require updates unless the general business and policy of the State changes or if there are changes in the IRS guidelines. Throughout a Fiscal Year, Object Codes and/or Sub Object Codes may be added which, when defined, will need to indicate if the code is taxable. The addition of new vendors and modification of existing vendors is an ongoing, daily process initiated both by vendors and agency users requesting modifications to a vendor’s setup.

OBJECT CODE (OBJ)

The Object Code (OBJ) table establishes valid object codes as 1099 Reportable, and includes associated information related to the object. Sub-Objects will also be set as 1099 Reportable, as appropriate.

There are special circumstances where a type of income may not be reportable for specific vendor classification, but where certain Object codes are considered always reportable by the IRS such as Legal Services and Medical Services. Per the IRS, a corporation may not be reportable unless the income is associated with Legal Services and/or Medical Services. Object and Sub-Object codes direct the correct reporting requirements by checking "Always 1099 Reportable".



VENDOR TO OBJECT CODE VALIDATION

1099 Type of Income (TINC)

The 1099 Type of Income (TINC) page defines the valid types for an income type and the Form Type used in the 1099 reporting process. The table is linked to the Object, Sub-Object, Balance Sheet Account, and Sub-Balance Sheet Account Pages to define the valid Types of Income.

This table contains the following fields:

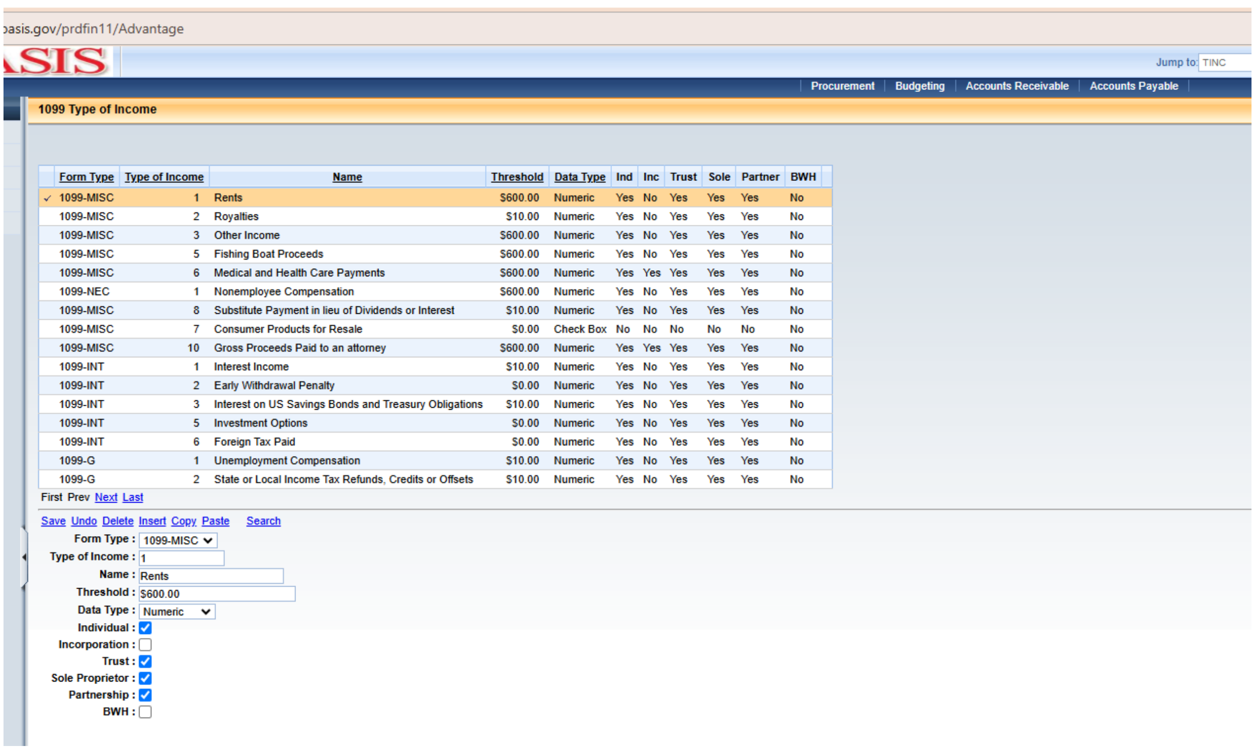
· **Form Type –** The IRS form type (for example, 1099-S, 1099-MISC, 1099-INT, 1099-NEC and 1099-G).

· **Type of Income –** Corresponds to the valid box numbers on each form type (for example,   Type of Income "1" corresponds to Box 1 on the 1099-MISC form).

· **Name –** The description of the Type of Income (for example, Type of Income "1" is Box 1 Rents on the 1099-MISC form).

· **Threshold –** Represents the minimum amount of money that needs to be paid to a Vendor before the Vendor, if 1099 Reportable, is required to report its earnings to the IRS. The IRS sets these threshold amounts, annually. If the IRS changes any thresholds, this table will be updated at the end of the calendar year, before the Offline 1099 Process is run.

· **Vendor Classification Check Boxes** – Boxes for individual, Incorporated, Trust, Sole Proprietor or Partnership, as well as Backup Withholding. When checked, this indicates that either the Vendor income is reported for only the specified Vendor classification or that the income type is eligible for Backup Withholding.

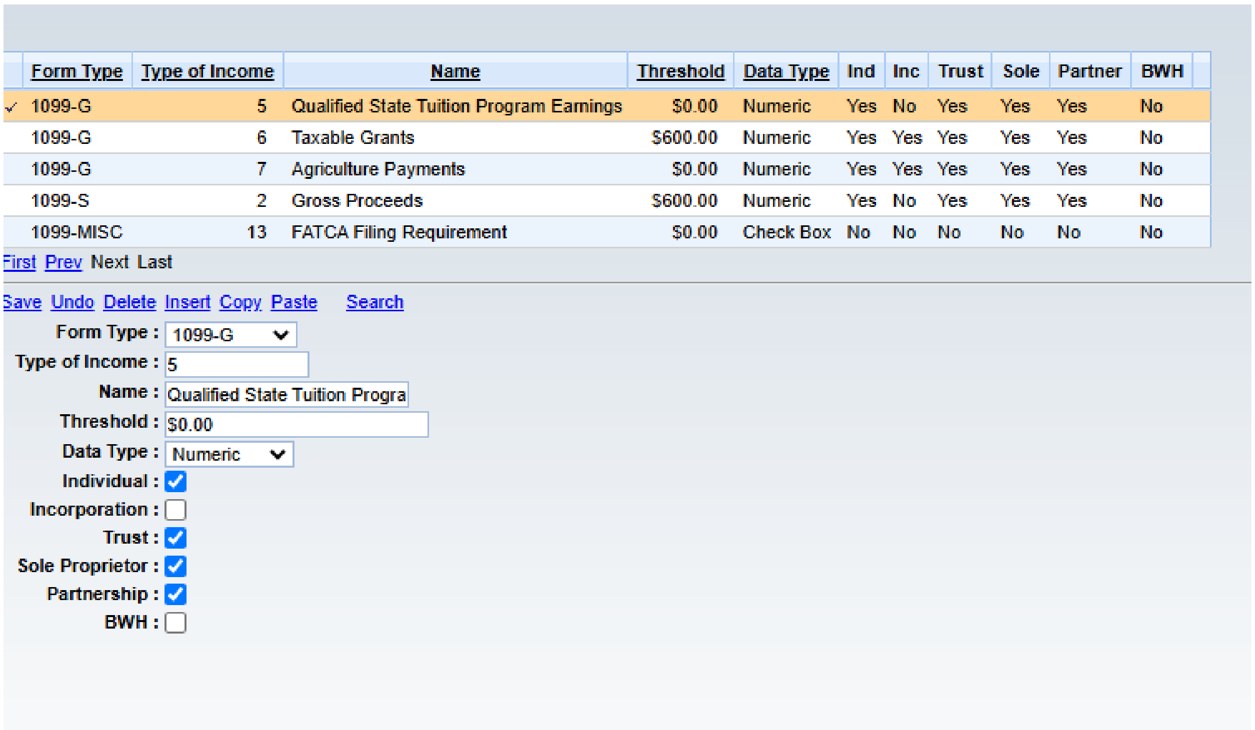


Form Type	Type of Income	Name	Threshold	Data Type	Ind	Inc	Trust	Sole	Partner	BWH
1099-MISC	1	Rents	$600.00	Numeric	Yes	No	Yes	Yes	Yes	No
1099-MISC	2	Royalties	$10.00	Numeric	Yes	No	Yes	Yes	Yes	No
1099-MISC	3	Other Income	$600.00	Numeric	Yes	No	Yes	Yes	Yes	No
1099-MISC	5	Fishing Boat Proceeds	$600.00	Numeric	Yes	No	Yes	Yes	Yes	No
1099-MISC	6	Medical and Health Care Payments	$600.00	Numeric	Yes	Yes	Yes	Yes	Yes	No
1099-NEC	1	Nonemployee Compensation	$600.00	Numeric	Yes	No	Yes	Yes	Yes	No
1099-MISC	8	Substitute Payment in lieu of Dividends or Interest	$10.00	Numeric	Yes	No	Yes	Yes	Yes	No
1099-MISC	7	Consumer Products for Resale	$0.00	Check Box	No	No	No	No	No	No
1099-MISC	10	Gross Proceeds Paid to an attorney	$600.00	Numeric	Yes	Yes	Yes	Yes	Yes	No
1099-INT	1	Interest Income	$10.00	Numeric	Yes	No	Yes	Yes	Yes	No
1099-INT	2	Early Withdrawal Penalty	$0.00	Numeric	Yes	No	Yes	Yes	Yes	No
1099-INT	3	Interest on US Savings Bonds and Treasury Obligations	$10.00	Numeric	Yes	No	Yes	Yes	Yes	No
1099-INT	5	Investment Options	$0.00	Numeric	Yes	No	Yes	Yes	Yes	No
1099-INT	6	Foreign Tax Paid	$0.00	Numeric	Yes	No	Yes	Yes	Yes	No
1099-G	1	Unemployment Compensation	$10.00	Numeric	Yes	No	Yes	Yes	Yes	No
1099-G	2	State or Local Income Tax Refunds, Credits or Offsets	$10.00	Numeric	Yes	No	Yes	Yes	Yes	No

First Prev Next Last

Save Undo Delete Insert Copy Paste Search

Form Type : 1099-MISC
Type of Income : 1
Name : Rents
Threshold : $600.00
Data Type : Numeric
Individual : ☑
Incorporation : ☐
Trust : ☑
Sole Proprietor : ☑
Partnership : ☑
BWH : ☐



Form Type	Type of Income	Name	Threshold	Data Type	Ind	Inc	Trust	Sole	Partner	BWH
✓ 1099-G	5	Qualified State Tuition Program Earnings	$0.00	Numeric	Yes	No	Yes	Yes	Yes	No
1099-G	6	Taxable Grants	$600.00	Numeric	Yes	Yes	Yes	Yes	Yes	No
1099-G	7	Agriculture Payments	$0.00	Numeric	Yes	Yes	Yes	Yes	Yes	No
1099-S	2	Gross Proceeds	$600.00	Numeric	Yes	No	Yes	Yes	Yes	No
1099-MISC	13	FATCA Filing Requirement	$0.00	Check Box	No	No	No	No	No	No

First Prev Next Last

Save Undo Delete Insert Copy Paste Search

Form Type : 1099-G

Type of Income : 5

Name : Qualified State Tuition Progra

Threshold : $0.00

Data Type : Numeric

Individual : ☑

Incorporation : ☐

Trust : ☑

Sole Proprietor : ☑

Partnership : ☑

BWH : ☐

AGENCY 1099 REVIEW

Agencies will have the ability to review, verify and modify if necessary, 1099 reporting information, for the current year.

WV-FIN-AP-028-Agency 1099 Report – this report displays detailed information related to the 1099 process. The report is used by all departments.

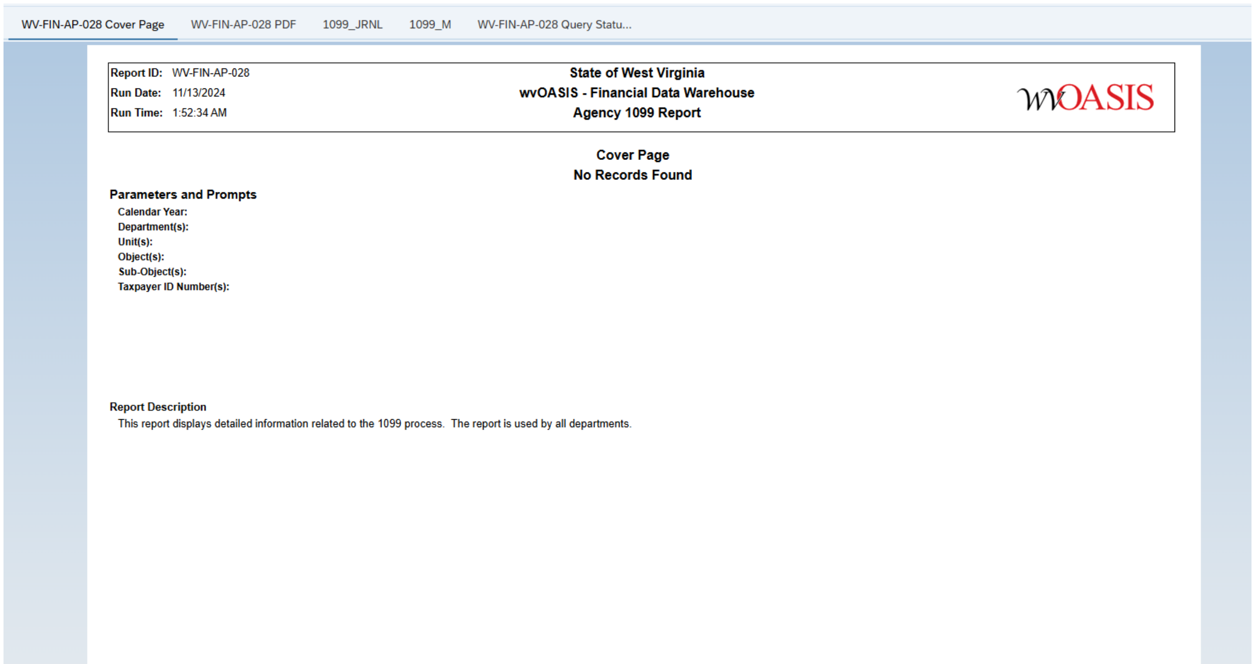
Agencies review the report and make any necessary adjustments to reportable income or Vendor records by creating/submitting 1099 Maintenance (M1099) documents and/or VCC/VCM documents.

WV-FIN-AP-028-Agency

- Navigate to Business Intelligence
- Select Document List
- Select Public Folders
- Select wvOASIS
- Select Advantage Financial

· Select Accounts Payable

· Select WV-FIN-AP-028-Agency 1099 Report



Processing the report:

- Enter Calendar Year
- Enter Department(s)
- Enter Unit(s)
- Enter Object(s)
- Enter Sub-Objects(s)
- Enter Taxpayer ID Number(s)
- Click Run Query

Review Report:

- Review records for accuracy.

1099 ADJUSTMENTS

In-Kind Adjustments (adding a 1099) or Corrections

The In-Kind Adjustment is similar to a correction. It is a transaction that takes place outside the financial system, and therefore there is no record for it. For example, an Agency “gives” a vendor 20 football tickets to a game. There is no financial transaction linked to this; however the agency designates an amount (for example $600) for the football tickets. Since no payment document went to the vendor, a M1099 gets created in the amount of $600 to represent the cash value of the tickets. Users will add 1099 records when transactions have not been recorded in the financial system, and then make adjustments to current records.

Adding a new 1099 record for a transaction that did have a financial transaction but did not create a 1099 record is processed the same as the In-Kind Adjustment. This type of “add” could be the result of a real estate transaction that did not close in the year the check was presented for settlement but concluded in the next tax year (this transaction would have been deleted from the previous year’s 1099s), or a financial transaction did not create a 1099 due an incorrect Object/Sub-Object used, or interest not paid but made available. These types of “adds” are also created by a M1099.

Correction to an existing 1099 is also created by a M1099. If modifying an existing record, General Information fields will be populated. The M1099 modifies the entire 1099 amount for that box number on 1099R.

Add or Modify Vendor Information before Creating 1099 Forms

Since 1099 data is obtained from the 1099 Journal during the execution of the Offline 1099 Process based on a Vendor’s Vendor/Customer code, Vendor information such as the Legal Name or the 1099 mailing address can be changed at any time before forms are generated without affecting the reported income and forms output. A Vendor/Customer Modification (VCM) document is used to modify or add to an existing vendor or customer record.

It may be necessary to add a new vendor as the vendor information for a new 1099 does not exist in the Vendor/Customer table. The VCC document is used to add a new vendor or customer record. This document updates all tables as listed above. An IRS form W-9 is required for the new record.

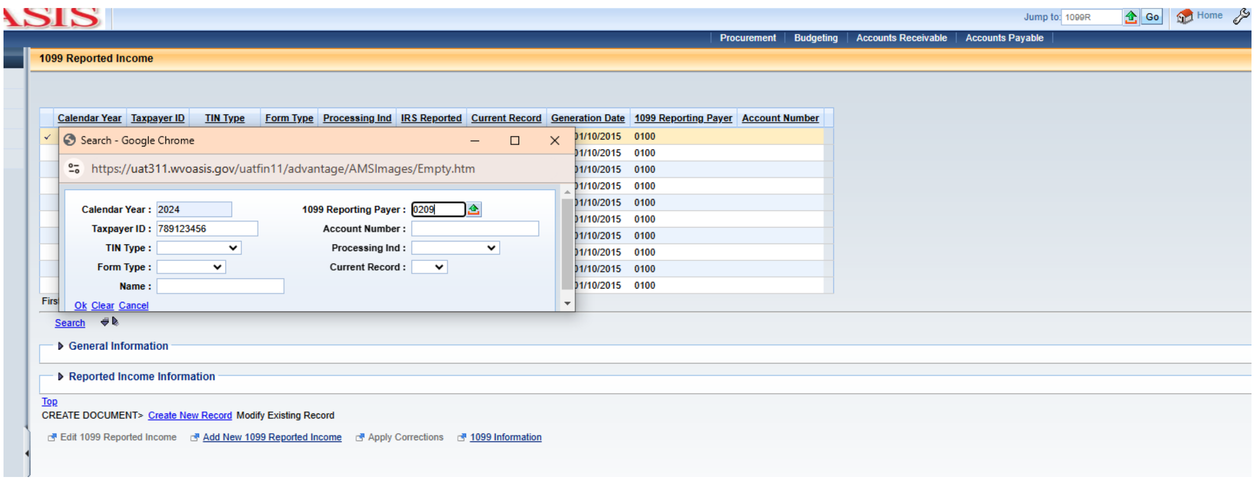
If a vendor notifies an agency during the calendar year that their name or their TIN has changed, an updated IRS form W-9 is required. The new form and request should be sent to the Finance Division for review and necessary updates.

Processing a New 1099

Navigate to 1099R to verify if a vendor's TIN exists on 1099R:

Search:

- Calendar Year:
- Taxpayer ID:
- 1099 Reporting Payer:



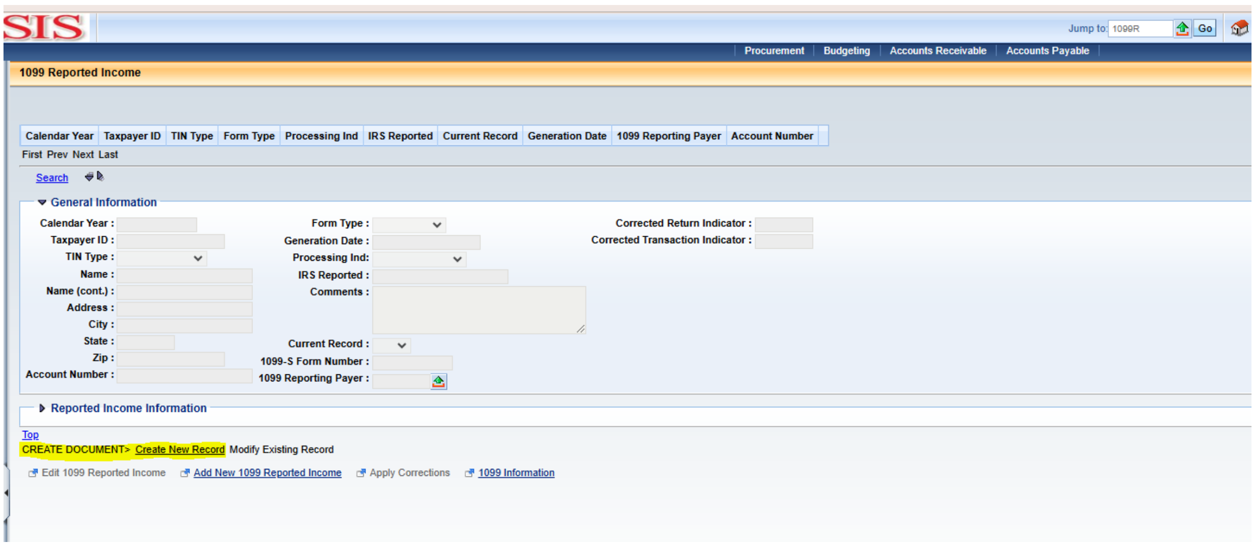
If a record did not exist for the vendor you may create a new record by:

Navigate to **Document Catalog**

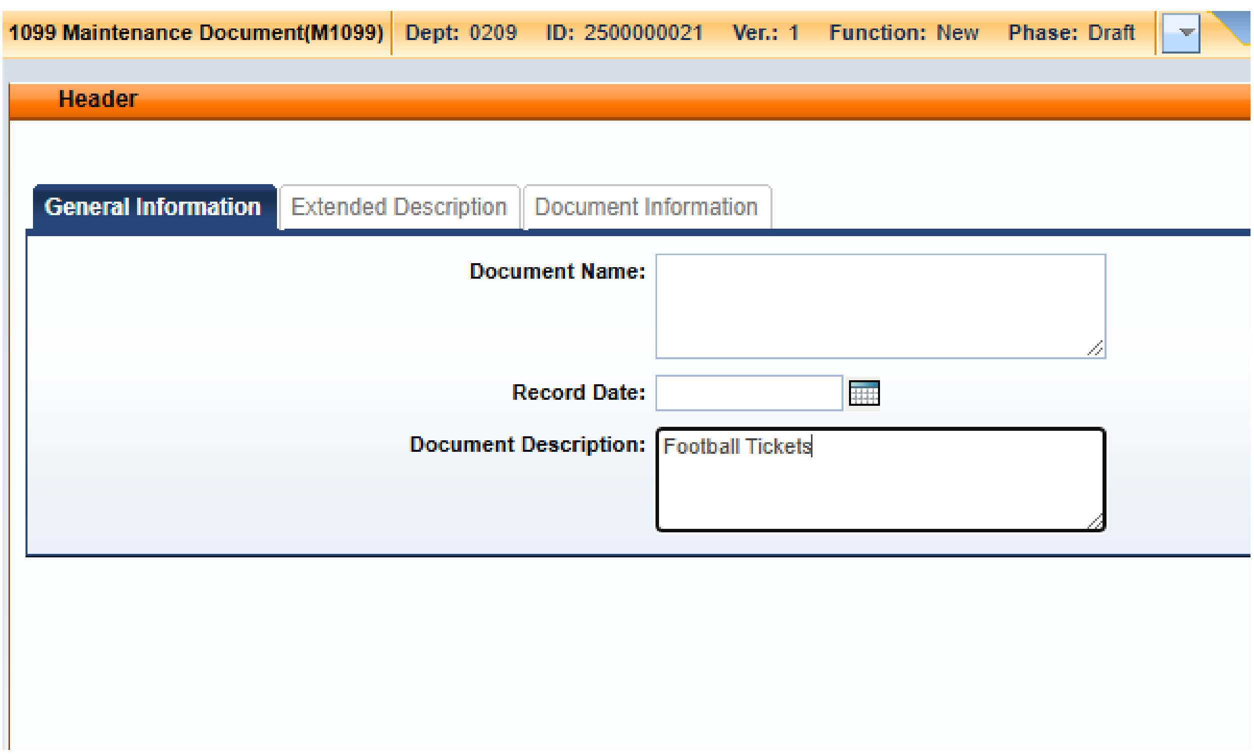
- Click Create
- Code: M1099
- Dept:
- Unit:
- Click Auto Numbering
- Click Create

- Doc ID Created for M1099

Additionally, the user can click on the "Create New Record" link on 1099R in order to create a new M1099 (see screenshot below) where the instructions would pick up at Dept number from the list above.



In the **Document Description** field, enter the reason for creating M1099.



Navigate to the **1099 Reported Income Section** and click Insert New Line

General Information, enter values:

- Select **New** if record did not exist on 1099R; select **Modified** if record did exist
- Calendar Year:

• Taxpayer ID:

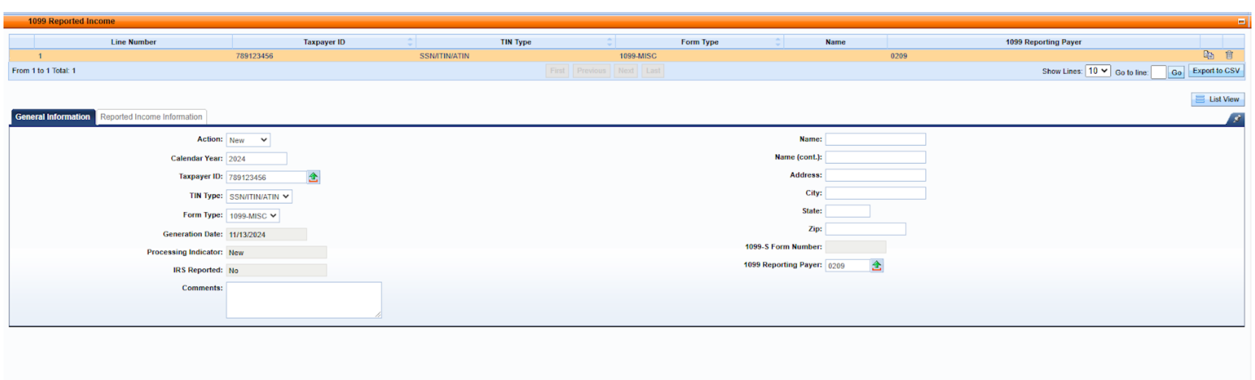
(Enter the value if known, or using the Picklist, browse using *and the last four digits in the Taxpayer ID field and select the appropriate vendor)

- TIN Type
- Form Type:
- 1099 Reporting Payer:

(Enter the Reporting Payer Number if value is known, or use the Picklist and select the appropriate number.)

- Save

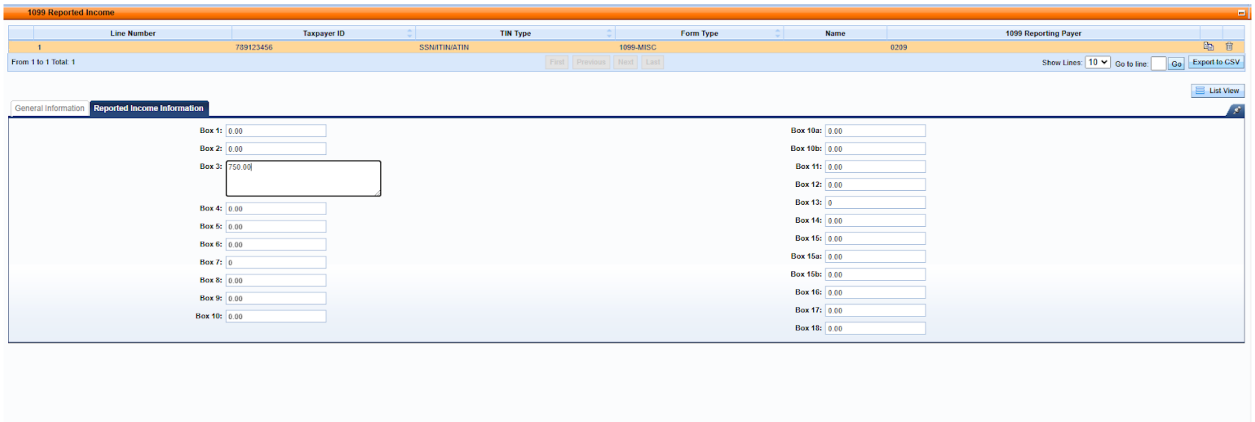
Note: Name and Address fields will populate once validated



REPORTED INCOME INFORMATION

- Box:

(Select the appropriate Box number for the Type of Income and enter the dollar amount, the TINC and Object/Sub-Object Tables should be used for reference.)



Save the record

Validate the record (correct any errors, if needed)

Submit the record to Workflow for the approval process

After the document has been approved and is Final, Navigate to 1099R and verify the record now exists on the 1099R Table.

Search:

- Calendar Year:
- Taxpayer ID:
- 1099 Reporting Payer

Verify the record now exists and the box amounts are correct.

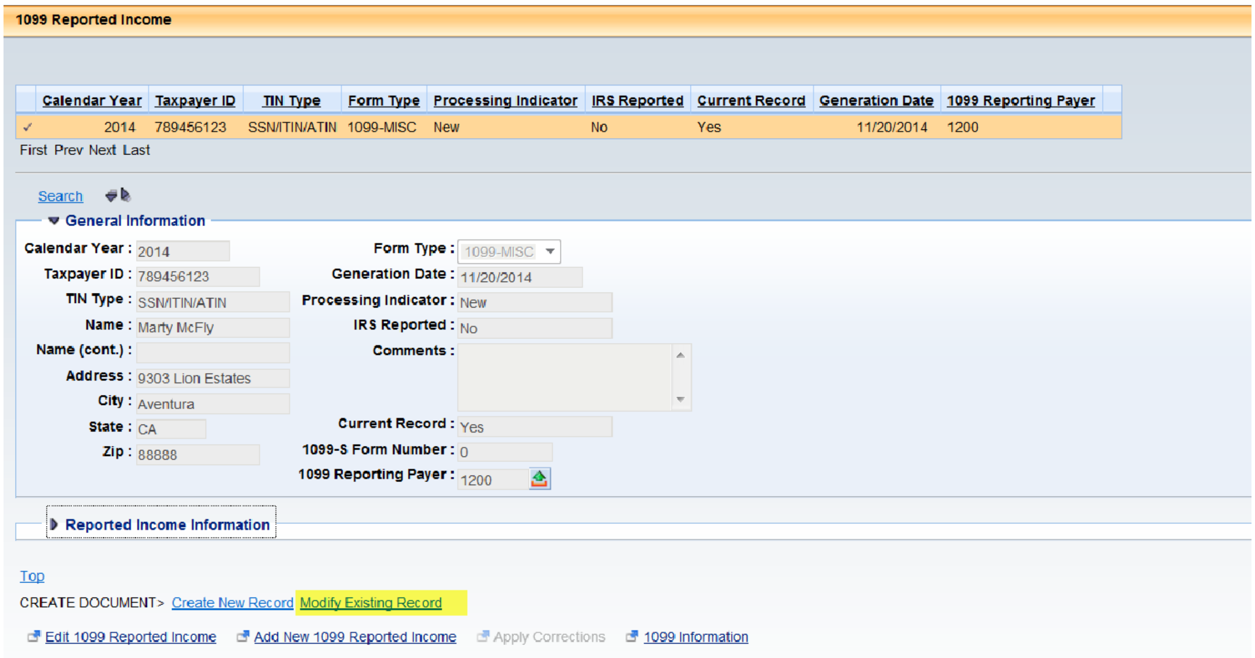
PROCESSING AN ADJUSTMENT FOR AN EXISTING 1099

Navigate to 1099R to verify if a vendor's TIN exists on 1099R:

Search:

- Calendar Year:
- Taxpayer ID:
- 1099 Reporting Payer:

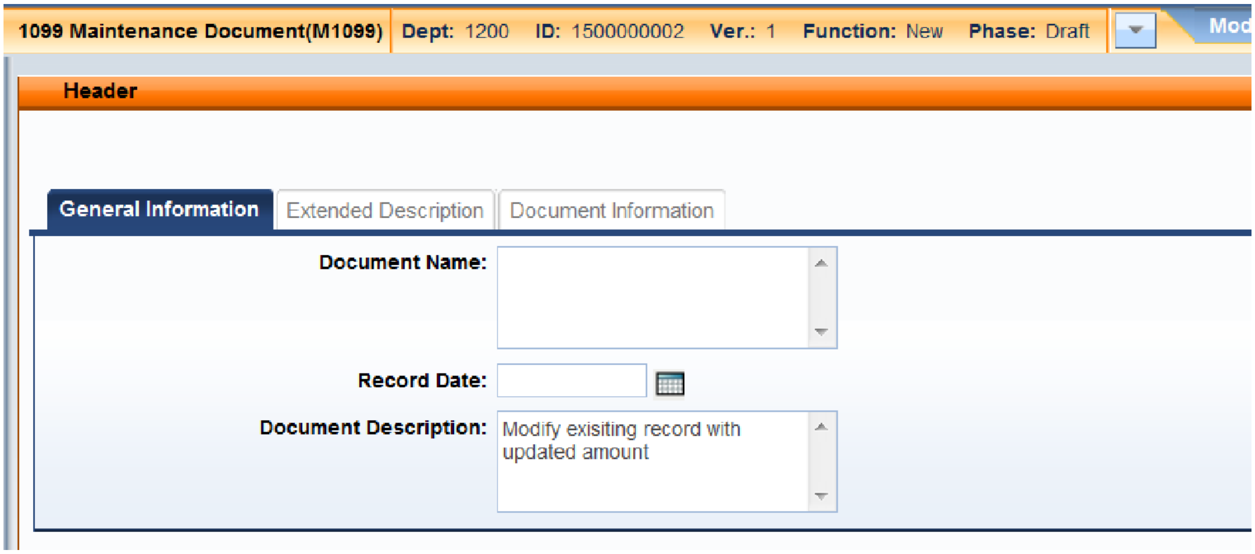
Since the vendor does exist on 1099R, navigate to the bottom of the information page and click on **Modify Existing Record**.



Enter the following:

- Dept:
- Unit:
- Click Auto Numbering
- Click Create
- Document ID created for M1099

On the Header tab, enter a Document Description for the reason why the record is being modified.



1099 Reported Income Tab

General Information- values will be prefilled for a modification to an existing record:

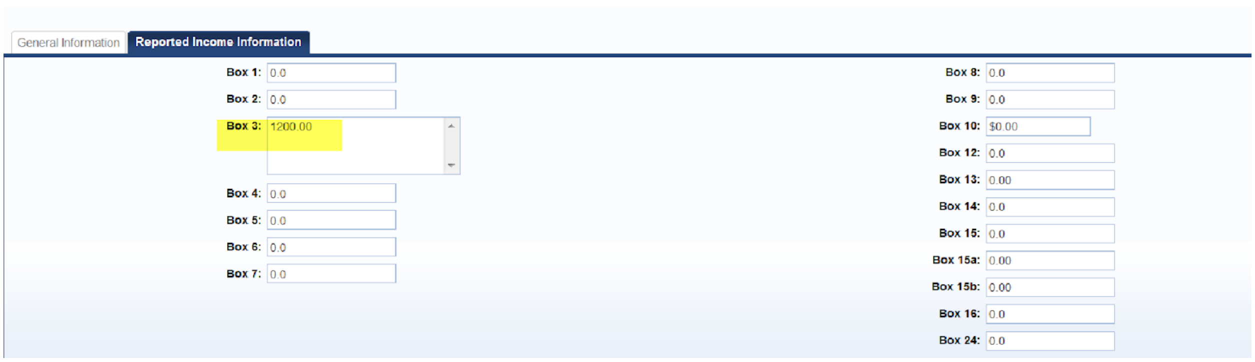
- Select Modified
- If a form type change is needed, use the drop down box and select the new form. If this type of modification is needed, the Reported Income Information, Box Number must be updated.
- Insert Comments
- If no adjustments are needed to the General Information section, save and go to the Reported Income section for adjustments to amounts reported or a change of box numbers.

REPORTED INCOME SECTION

Select the appropriate Box number for the Type of Income and enter/remove the dollar amount. (The TINC and Object/Sub-Object tables should be used for reference.)

Before changes

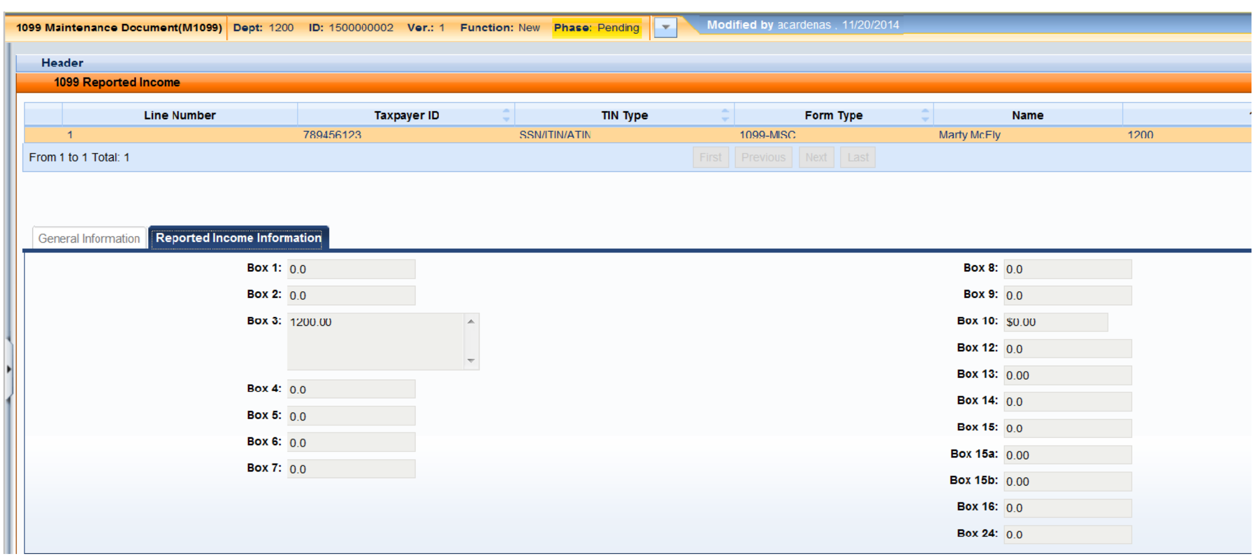
After changes



SAVE THE RECORD

Validate

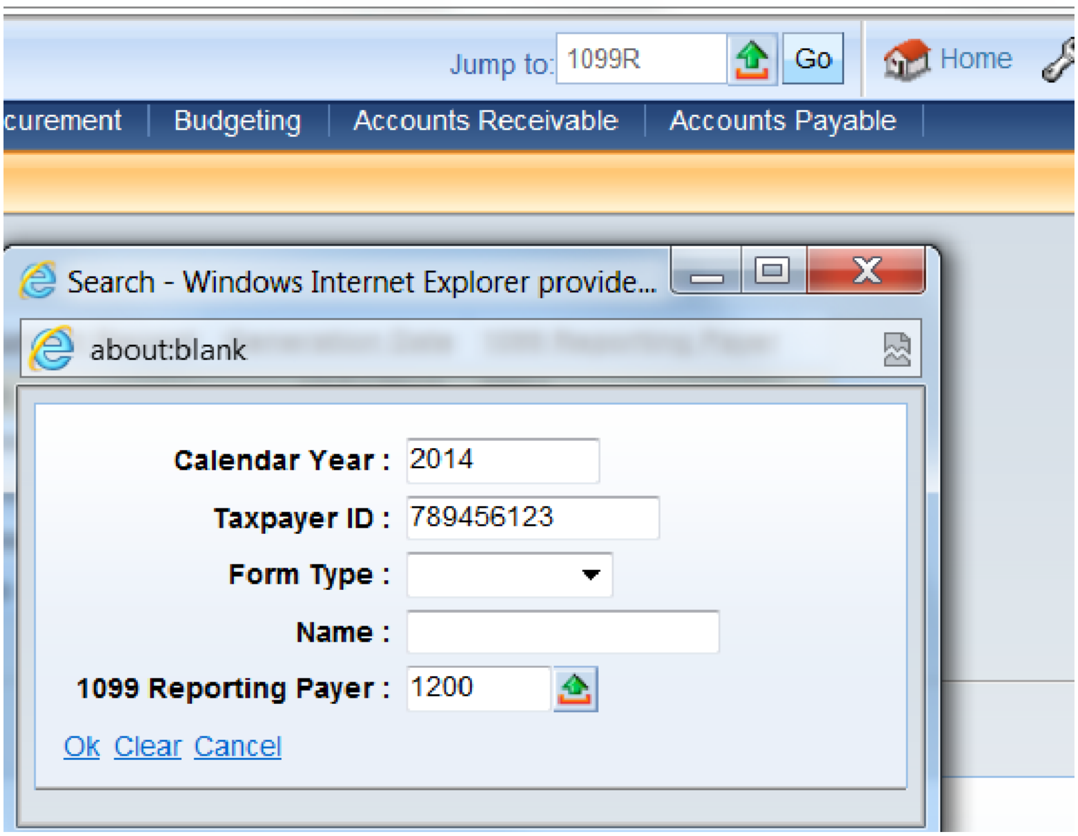
Submit



After the document has been approved and is Final, Navigate to 1099R and verify the record now exists on the 1099R table.

Search:

- Calendar Year:
- Taxpayer ID:
- 1099 Reporting Payer ID:



Verify the record exists with the new values and the box amounts are correct.

1099 Reported Income

	Calendar Year	Taxpayer ID	TIN Type	Form Type	Processing Indicator	IRS Reported	Current Record	Generation Date	1099 Reporting Payer
✓	2014	789456123	SSN/ITIN/ATIN	1099-MISC	New	No	Yes	11/20/2014	1200

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Search

General Information

Calendar Year : 2014
Taxpayer ID : 789456123
TIN Type : SSN/ITIN/ATIN
Name : Marty McFly
Name (cont.) :
Address : 9303 Lion Estates
City : Aventura
State : CA
Zip : 88883

Form Type : 1099-MISC
Generation Date : 11/20/2014
Processing Indicator : New
IRS Reported : No
Comments :
Current Record : Yes
1099-S Form Number : 0
1099 Reporting Payer : 1200

Reported Income Information

Box 1 : 0.0
Box 2 : 0.0
Box 3 : 1200.00
Box 4 : 0.0
Box 5 : 0.0
Box 6 : 0.0
Box 7 : 0.0

Box 8 : 0.0
Box 9 : 0.0
Box 10 : $0.00
Box 12 : 0.0
Box 13 : 0.00
Box 14 : 0.0
Box 15 : 0.0
Box 15a : 0.00
Box 15b : 0.00
Box 16 : 0.0
Box 24 : 0.0