



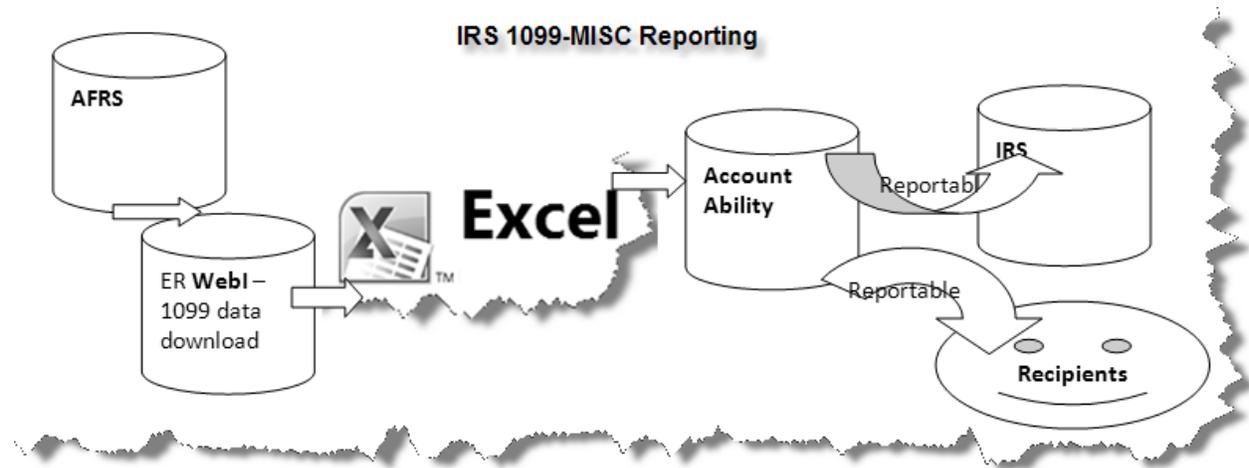
Washington State Department of
Enterprise Services

IRS 1099-MISC Reporting

Training Guide

DES TRAINING - IRS 1099-MISC Reporting

Class Objectives



Class Description:

This is four-hour class that will provide employees information on why we do 1099's and how to prepare them. It will give you an overview of the forms that are required, terms that are used, and instruction on using the Account Ability to create the IRS 1099-MISC forms.

Target Group:

Fiscal and other agency personnel that will be involved with preparing 1099-MISC forms.

Class Objectives:

At the conclusion of this class, participants should be able to:

1. Understand the importance of accurate 1099 data
2. Understand which forms are required
3. Understand 1099 terminology
4. Understand where to get tax information
5. Understand tools available for 1099-MISC reporting
6. ER Web Intelligence - 1099 Download Application - How to get to your 1099 data
7. Account Ability - 1099-MISC reporting
8. Understand how to import data on to the IRS 1099-MISC form
9. Understand how to enter data on the IRS 1099-MISC form
10. Understand how to make changes as necessary
11. Understand the importance of DES and IRS deadlines
12. Understand TIN matching process
13. Understand 1099-MISC reporting to the IRS

DES TRAINING - IRS 1099-MISC Reporting

Review of Agencies/DES Responsibilities

Agencies' Responsibilities

- Accurate & Timely Preparation
- Accuracy of data imported into Account Ability
- Accuracy of data submitted to IRS

DES' Responsibilities

- Maintenance of processes to support agency – WebI & Account Ability
- Printing and mailing to recipients
- TIN Matching of IRS 1099-MISC forms
- Timely Transmission to the IRS

DES TRAINING - IRS 1099-MISC Reporting

What is 1099-MISC Reporting?

1099-MISC - INSTRUCT

File is empty VOID CORR (G) CORR (C) Efile 1096 Printed

PAYER'S name, street address, city, state, ZIP code, and telephone number					1 Rents	OMB No. 1545-0115	
AGENCY NAME AGENCY NAME LINE 02 ADDRESS LINE 1 ADDRESS LINE 2 CITY WA 98504 Telephone: 360-407-8011					2 Royalties	2011 1099-MISC	
PAYER'S Federal ID Number 01-2345678					3 Other income		
TIN Type	RECIPIENT'S ID Number				5 Fishing boat proceeds	6 Medical and health care	
RECIPIENT'S name					7 Nonemployee compensation	8 Substitute payments...	
Street address					9 Payer made direct sales of \$5000 or more of consumer products to a buyer (recipient) for resale => <input checked="" type="checkbox"/>	10 Crop insurance proceeds	
City			State	Zip Code	Zip Ext.	11	12
Account number		Foreign <input checked="" type="checkbox"/>	CFSP	USPS DP	2nd TIN <input checked="" type="checkbox"/>	13 Excess golden parachute	14 Gross proceeds paid to...
15a Section 409A deferrals		15b Section 409A income			State 1	16 State 1 tax withheld	18 State 1 income
					State 2	16 State 2 tax withheld	18 State 2 income
E-Mail: <input type="text"/>							

DES TRAINING - IRS 1099-MISC Reporting

What is 1099-MISC form?

This form is used to report payments for rent, payments for services, other income payments, gross proceeds paid to attorneys, and deceased employee's wages paid to an estate or beneficiary.

Why 1099's are required?

Required by:

The Internal Revenue Service (IRS)
State Administrative & Accounting Manual (SAAM)

For each person to whom you paid:

1. \$10 in royalties or broker payments
2. At least \$600 in rents, services, prizes & awards, legal services, other non-employee activities, and medical & health care
3. Gross proceeds paid to attorneys

Example of IRS 1099-MISC payments are:

- Payments for rents include but not limited to: buildings, copy machines, bottled water
- Payments for Deceased Employees
- Payments to Contractors
- Payments of backup withholding

When to issue a 1099-MISC form?

- Agencies must submit the 1099-MISC to the recipient by January 31 of the following year.
- All reportable payments (1099-MISC) must be e-filed to the Internal Revenue Services (IRS) by March 31.

The importance of accurate 1099 data

- The IRS 1099-MISC form is required by the IRS and as the payer to the recipient you are responsible for the accuracy of the data on the form.
- This information will be sent to the IRS and if there are any issues with the data the payer (agency) is responsible for any fines associated with the misinformation.
- Recipient expects accurate IRS 1099-MISC data on their form so that they can report properly on their Tax Returns.

DES TRAINING - IRS 1099-MISC Reporting

2 - Which forms are required?

Copy B	Copy B is for the recipient (payee/taxpayer)
The Department of Enterprise Services (DES)) will print and mail the Copy B 1099-MISC and Instructions to your recipients.	
Copy C	Payer (Agency) keep – but it is not required - Databases will be preserved for reprinting.
Agencies can access Account Ability to generate Copy C for your file.	

DES TRAINING - IRS 1099-MISC Reporting

3 - Understand 1099 terminology

IRS	Internal Revenue Service – The federal agency that requires that qualifying payment activity be reported.
SAAM	State Administrative & Accounting Manual – These are guidelines that are maintained by the Office of Financial Management. The SAAM manual 1) provides control and accountability over financial and administrative affairs of Washington State Government, and 2) assist agencies in gathering and maintaining information needed for the preparation of financial statements. The policies and procedures in this manual are the minimum requirements that agencies must meet.
1099-MISC	This is the Miscellaneous Income form – This form is used to report payments for rent, payments for services, other income payments, gross proceeds paid to attorneys, and deceased employee's wages paid to an estate or beneficiary.

DES TRAINING - IRS 1099-MISC Reporting

Understand 1099 terminology (cont...)

Client

- Agency
- Payer
- You

1099-MISC - INSTRUCT

File is empty VOID CORR (G) CORR (C) Efile 1096 Printed

PAYER'S name, street address, city, state, ZIP code, and telephone number

AGENCY NAME
AGENCY NAME LINE 02
ADDRESS LINE 1
ADDRESS LINE 2
CITY WA 98504
Telephone: 360-407-8011

PAYER'S Federal ID Number: 01-2345678
TIN Type: [dropdown]
RECIPIENT'S ID Number: [dropdown]

RECIPIENT'S name: [dropdown]
NAME CTRL: [dropdown]
Street address: [dropdown]
APT.: [dropdown]
City: [dropdown] State: [dropdown] Zip Code: [dropdown] Zip Ext.: [dropdown]
Account number: [dropdown] Foreign: CFSP: [dropdown] USPS DP: [dropdown] 2nd TIN:

15a Section 409A deferrals: [dropdown] 15b Section 409A income: [dropdown]
State 1: [dropdown] State 2: [dropdown]

1 Rents
2 Royalties
3 Other income
4 Federal income tax withheld
5 Fishing boat proceeds
6 Medical and health care
7 Nonemployee compensation
8 Substitute payments...
9 Payer made direct sales of \$5000 or more of consumer products to a buyer (recipient) for resale =>
10 Crop insurance proceeds
11 [dropdown] 12 [dropdown]
13 Excess golden parachute
14 Gross proceeds paid to...
16 State 1 tax withheld
16 State 2 tax withheld
18 State 1 income
18 State 2 income

OMB No. 1545-0115
2011
1099-MISC

E-Mail: [dropdown]

- ✓ DES will load your Agency's profiles
- ✓ Recipients and IRS will use this information to contact the Agency for questions
- ✓ Please verify Agency's profiles and let DES knows of any corrections needed

DES TRAINING - IRS 1099-MISC Reporting

Understand 1099 terminology (cont...)

Recipient

- Taxpayer
- Payee
- Your Vendor

1099-MISC - INSTRUCT										
PAYER'S name, street address, city, state, ZIP code, and telephone number					1 Rents		OMB No. 1545-0115			
AGENCY NAME					2 Royalties		2011 1099-MISC			
AGENCY NAME LINE 02					3 Other income					4 Federal income tax withheld
ADDRESS LINE 1					5 Fishing boat proceeds		6 Medical and health care			
ADDRESS LINE 2					7 Nonemployee compensation		8 Substitute payments...			
CITY WA 98504					9 Payer made direct sales of \$5000 or more of consumer products to a buyer (recipient) for resale => <input checked="" type="checkbox"/>		10 Crop insurance proceeds			
Telephone: 360-407-8011					11		12			
PAYER'S Federal ID Number		TIN Type	RECIPIENT'S ID Number						13 Excess golden parachute	14 Gross proceeds paid to...
01-2345678		[X]							15a Section 409A deferrals	15b Section 409A income
RECIPIENT'S name					NAME CTRL	16 State 1 tax withheld		18 State 1 income		
Street address					APT.	16 State 2 tax withheld		18 State 2 income		
City			State	Zip Code	Zip Ext.					
Account number		Foreign <input checked="" type="checkbox"/>	CFSP	USPS DP	2nd TIN <input checked="" type="checkbox"/>					
E-Mail:										

DES TRAINING - IRS 1099-MISC Reporting

Understand 1099 terminology (cont...)

TIN **Taxpayer Identification Number** – TIN is the umbrella term for the three TIN designators: EIN, SSN, and ITIN.

EIN **Employer Identification Number** – This number is assigned by IRS to companies that register to do business. This is not the Unified Business Identifier (UBI) number.

SSN **Social Security Number** – This number is assigned by the Social Security Administration but is commonly used for registered sole proprietor businesses to report to the IRS.

ITIN **Individual Taxpayer Identification Number** – This number is assigned for tax processing by the IRS to certain resident and nonresident aliens, their spouses, and their dependents. (Looks similar to the SSN.)

DES TRAINING - IRS 1099-MISC Reporting

Understand 1099 terminology (cont...)

1099-MISC - INSTRUCT

File is empty VOID CORR (G) CORR (C) Efile 1096 Printed

PAYER'S name, street address, city, state, ZIP code, and telephone number				1 Rents	OMB No. 1545-0115 2011 1099-MISC
AGENCY NAME AGENCY NAME LINE 02 ADDRESS LINE 1 ADDRESS LINE 2 CITY WA 98504 Telephone: 360-407-8011				2 Royalties	
PAYER'S Federal ID Number 01-2345678				3 Other income	
RECIPIENT'S name		TIN Type	RECIPIENT'S ID Number	5 Fishing boat proceeds	4 Federal income tax withheld
Street address			NAME CTRL	7 Nonemployee compensation	8 Medical and health care
City			APT.	9 Payer made direct sales of \$5000 or more of consumer products to a buyer (recipient) for resale => <input checked="" type="checkbox"/>	8 Substitute payments...
Account number		State	Zip Code	Zip Ext.	10 Crop insurance proceeds
15a Section 409A deferrals		Foreign <input checked="" type="checkbox"/>	CFSP	USPS DP	11 [REDACTED]
15b Section 409A income				2nd TIN <input checked="" type="checkbox"/>	12 [REDACTED]
				13 Excess golden parachute	14 Gross proceeds paid to...
				State 1	16 State 1 tax withheld
				State 2	16 State 2 tax withheld
					18 State 1 income
					18 State 2 income

E-Mail: _____

DES TRAINING - IRS 1099-MISC Reporting

Understand 1099 terminology – IRS Boxes

What are IRS Boxes?

Reportable payment type on 1099-MISC form

1099-MISC

The screenshot shows the '1099-MISC - INSTRUCT' software window. At the top, there are checkboxes for 'VOID', 'CORR (G)', 'CORR (C)', 'Efile', '1096', and 'Printed'. The main area is divided into several sections:

- PAYER'S name, street address, city, state, ZIP code, and telephone number:** AGENCY NAME, AGENCY NAME LINE 02, ADDRESS LINE 1, ADDRESS LINE 2, CITY WA 98504, Telephone: 360-407-8011.
- PAYER'S Federal ID Number:** 01-2345678. **TIN Type:** [Dropdown menu].
- RECIPIENT'S ID Number:** [Empty field].
- RECIPIENT'S name:** [Empty field]. **NAME CTRL:** [Empty field].
- Street address:** [Empty field]. **APT.:** [Empty field].
- City:** [Empty field]. **State:** [Empty field]. **Zip Code:** [Empty field]. **Zip Ext.:** [Empty field].
- Account number:** [Empty field]. **Foreign:** . **CESP:** [Empty field]. **USPS DP:** [Empty field]. **2nd TIN:** .
- 15a Section 409A deferrals:** [Empty field]. **15b Section 409A income:** [Empty field]. **State 1:** [Empty field]. **State 2:** [Empty field].
- 16 State 1 tax withheld:** [Empty field]. **16 State 2 tax withheld:** [Empty field].
- 18 State 1 income:** [Empty field]. **18 State 2 income:** [Empty field].
- E-Mail:** [Empty field].

On the right side, there is a grid of IRS boxes (1-14) with a '2011 1099-MISC' stamp. Box 1 (Rents) is highlighted with a dashed border. Box 9 (Payer made direct sales of \$5000 or more of consumer products to a buyer (recipient) for resale =>) has a checked checkbox. Boxes 11 and 12 are redacted with black boxes.

DES TRAINING - IRS 1099-MISC Reporting

Understand 1099 terminology – IRS Boxes

A screenshot of the top portion of an IRS 1099-MISC form. The header includes checkboxes for 'CORR (C)', 'Efile', and '1096'. Below the header, the form is divided into several boxes. Box 1, labeled 'Rents', is highlighted with a black rectangular border. Other visible boxes include 'Royalties', 'Other income', and 'Federal income tax withheld'.

Box 1

- Box 1 is used to record rent payments received such as rental paid for office space, machine rentals, and for farmers paying for a pasture. Additionally, anyone receiving public housing payments will be issued a 1099-MISC showing the amount of assistance received.

A screenshot of the top portion of an IRS 1099-MISC form, similar to the first one. Box 2, labeled 'Royalties', is highlighted with a black rectangular border. Other visible boxes include 'Rents', 'Other income', and 'Federal income tax withheld'.

Box 2

- Royalties are reported for any amount of \$10 or more. Royalties are paid by a publisher to an author. Gross royalties are all fees paid before any reduction of expenses or fees.

A screenshot of the middle portion of an IRS 1099-MISC form. Box 3, labeled 'Other income', is highlighted with a black rectangular border. Other visible boxes include 'Rents', 'Royalties', 'Federal income tax withheld', 'Fishing boat proceeds', and 'Medical and health care'.

Box 3

- Other income covers winnings from prizes or award money from which no service was performed. If the winning is due to a wager, that income will be reported on a Form W-2G, which is used for gambling winnings. If punitive damages are received, those amounts are included in Box 3.

A screenshot of the bottom portion of an IRS 1099-MISC form. The year '2011' is visible at the top. Box 4, labeled 'Federal income tax withheld', is highlighted with a black rectangular border. Other visible boxes include 'Medical and health care'.

Box 4

- If federal income tax was withheld, that amount will be entered in Box 4. Unless the person furnished you with his taxpayer identification number (such as a Social Security number), you will withhold 28 percent of the gross payment.

Box 5

- Fishing boat proceeds are those paid to any member on a boat whose total count is fewer than 10 members. Additionally, if a person is

DES TRAINING - IRS 1099-MISC Reporting

Understand 1099 terminology – IRS Boxes

	3 Other income	4 F
Tax ID Number	5 Fishing boat proceeds	
NAME CTRL	7 Nonemployee compensation	

a cook, or has additional duties, those wages are reportable in Box 5.

Box 6

	4 Federal income tax withheld	
proceeds	6 Medical and health care	
compensation	8 Substitute payments...	

- Health care and medical payments of \$600 or more made by a business to a health care provider is entered in Box 6. Generally, payments received from a flexible spending plan are exempt from reporting requirements. These amounts will not be reported on the 1099-MISC.

Box 7

Tax ID Number	5 Fishing boat proceeds	6 Me
NAME CTRL	7 Nonemployee compensation	8
APT.	9 Payer made direct sales of \$5000 or more of consumer products to a buyer	10

- This is one of the most widely used boxes on the 1099-MISC. If you are a non-employee receiving compensation of \$600 or more, that amount is entered in this box. Income received as a contract worker, for prizes or awards, services rendered as a non-employee, and oil and gas payments are entered in Box 7. This income is generally subject to self-employment tax.

Other Boxes

- The remaining boxes are used for various items such as crop insurance proceeds, excess payment made under a golden parachute plan, attorney's fees, 409A deferrals, state tax withheld and income considered as state income.

DES TRAINING - IRS 1099-MISC Reporting

Understand 1099 terminology – IRS Boxes

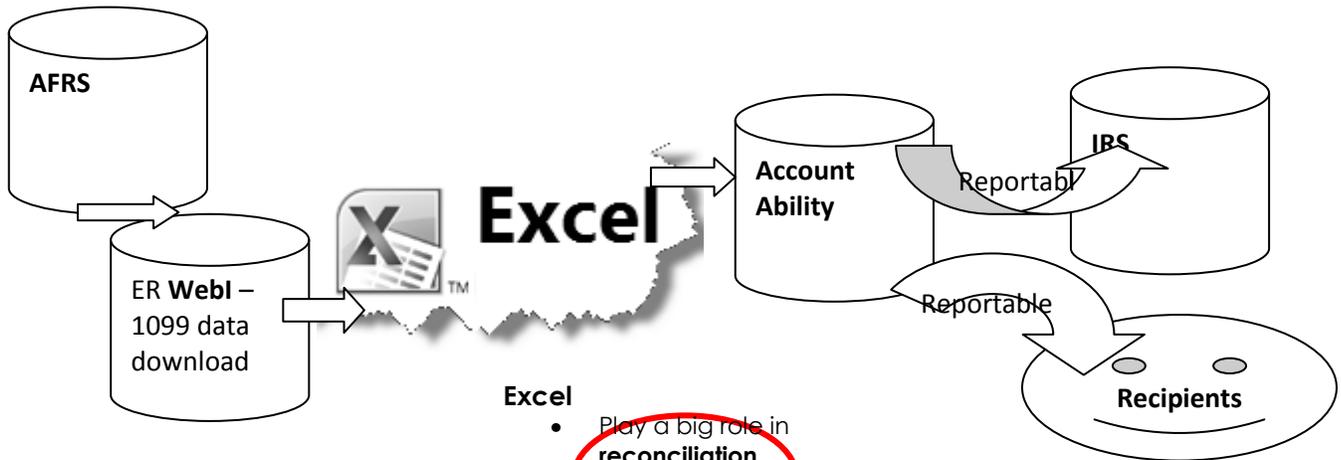
PAYER'S Federal ID Number 01-2345678		TIN type 	RECIPIENT'S ID Number		6 Fishing boat proceeds	6 Medical and health care	
RECIPIENT'S name				NAME CTRL	7 Nonemployee compensation	8 Substitute payments...	
Street address				APT.	9 Payer made direct sales of \$5000 or more of consumer products to a buyer (recipient) for resale => <input checked="" type="checkbox"/>	10 Crop insurance proceeds	
City		State	Zip Code	Zip Ext.	11	12	
Account number		Foreign <input checked="" type="checkbox"/>	CFSP	USPS DP	2nd TIN <input checked="" type="checkbox"/>	13 Excess golden parachute	14 Gross proceeds paid to...
15a Section 409A deferrals		15b Section 409A income		State 1	16 State 1 tax withheld	18 State 1 income	
				State 2	16 State 2 tax withheld	18 State 2 income	
E-Mail: <input type="text"/>							

What are common IRS Box Used in WA?

- Box 1 - Rent
- Box 3 – Other Income
- Box 6 – Medical & Health Care Payments
- Box 7 – Nonemployee Compensation

DES TRAINING - IRS 1099-MISC Reporting

4 - Understand tools available for 1099-MISC reporting



AFRS

- AFRS is where you creates the payments
- AFRS stands for Agency Financial Reports System
- This is the state's accounting system

Excel

- Play a big role in **reconciliation and making changes**
- Reformat for Account Ability
- Edit data
- Add records

1099-MISC Reporting

Application (Account Ability)

- Create forms – via **import**
- Print Forms for selected recipient

Data need adjusting entries?
Create journal vouchers,
correcting accounting data

1099 Download Application (ER Web Intelligence)

- **Secure access** to your 1099-MISC data
- Where you download payments data with TIN information.
- Determine what's reportable, but does not have IRS 1099-MISC box value.
- Determine what's not reportable but does have IRS box assigned

Data ready for creation of 1099-MISC form?

It is a password control environment

- **Client data - Master password** needed to edit client (agency)'s profile. DES has this ability. Please contact DES if client's information in Account Ability needs correction
- **Form password** needed to prepare 1099-MISC form. DES will assign to agency a **distinct password** by agency.

DES TRAINING - IRS 1099-MISC Reporting

5 - 1099-MISC workflow – AFRS creates the payments and creates the IRS Box Amount

AFRS

Payments made to a particular payee using the Statewide Vendor Number (SWV #) (vendor type) and for a particular Subobject (payment type) => IRS 1099-MISC reportable

A. Payments

B. Vendor Type (D77) – Made To Whom?

- A table that define the type of vendor.
- Some vendor types are IRS reportable.
- Some vendor types are not reportable

C. Subobject (D11) – For What?

- A table that defines what you are paying.
- Some payment types are IRS reportable.
- Some payments are not IRS reportable.
- Reportable payment types are –

D. **Payments** made to a particular payee using the Statewide Vendor Number (SWV #) (vendor type) and for a particular Subobject (payment type) => IRS 1099-MISC reportable

E. AFRS has matrix → **IRS Type (D78)** is a matrix that assign IRS Box value based on Vendor Type and Subobject combination used in payments.

Vendor Type + Subobject = IRS Type

F. The descriptor table (D76) provides description of the AFRS IRS Type.

Note: D78 general rule of thumb: Agencies has the ability to enter IRS type (when not using SWV #) or override the default value from the D78 table matrix at the time the payment is made.

DES TRAINING - IRS 1099-MISC Reporting

5 - 1099-MISC workflow – AFRS creates the payments and creates the IRS Box Amount

Examples of reportable Vendor Types

Vendor Type (D77) Table

1099-Misc Reportable Vendor Type	
A	Corp-Legal (Attorneys)
E	Partnership-Medical
F	Partnership-Legal
G	Llc Corp-Medical
H	Llc Corp-Legal
I	Llc Partnership-Medical
J	Llc Partnership-Legal
K	Llc S Corp-Medical
L	Llc S Corp-Legal
M	Corp From W/C Medical Services Are Purchas
P	Partnership
Q	S Corporation-Medical
R	S Corporation-Legal
S	Sole Proprietor/Individual
T	Trust/Estate
U	Llc Sole Proprietor
V	Llc Partnership

DES TRAINING - IRS 1099-MISC Reporting

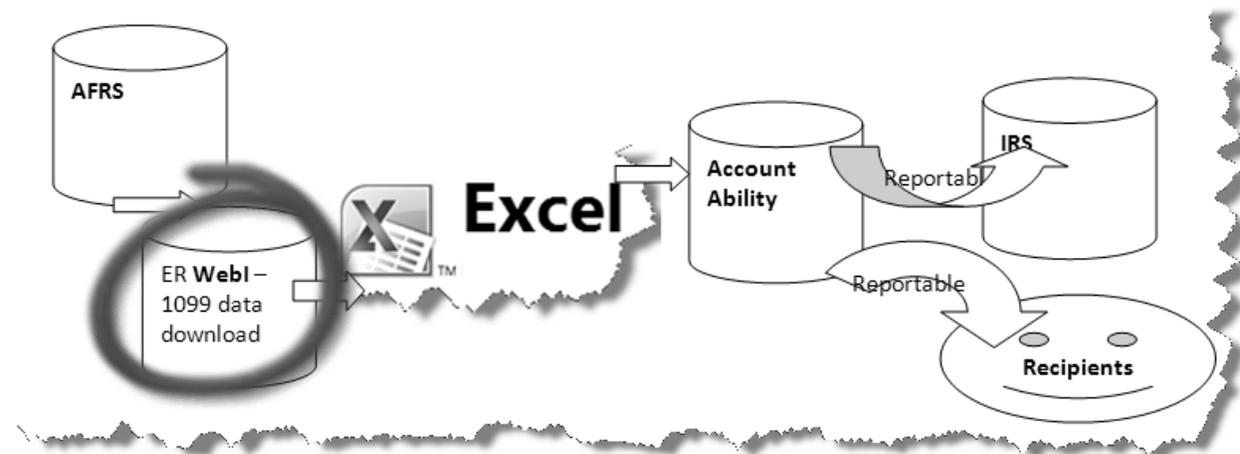
5 - 1099-MISC workflow – AFRS creates the payments and creates the IRS Box Amount

Examples of **reportable Payment Types**

1099-Misc Reportable Subobjects	
SO	Title
CA	Management/Organizational Services
CB	Legal/Expert Witness Services
CC	Financial Services
CD	Computer/Information Services
CE	Social Research Services
CF	Technical Research Services
CG	Marketing Services
CH	Communications Services
CJ	Employee Training Services
CK	Recruiting Services
CZ	Other Personal Services
ED	Rentals and Leases - Land & Buildings
EE	Repairs, Alterations & Maintenance
EF	Printing and Reproduction
EG	Employee Prof Dev & Training
EH	Rental & Leases - Furn & Equipment
EI	Retailer Commissions
EK	Facilities and Services
EL	Data Processing Services (Interagency)
EM	Attorney General Services
EN	Personnel Services
EP	Insurance
ER	Other Purchased Services
ES	Vehicle Maintenance & Operating Cst
ET	Audit Services
EV	Administrative Hearings Services
EW	Archives & Records Management Svcs
EX	Owmbe Services
EY	Software Licenses and Maintenance
EZ	Other Goods and Services
JG	Highway Construction
JH	Improvements Other Than Buildings
JJ	Grounds Development
JK	Architectural & Engineering Service
JL	Capital Planning
JM	Art/Library Resv/Museum/Hist Collections
JN	Relocation Costs
JZ	Other Capital Outlays
NB	Pymts to Prvdrs for Direct Client Svcs
NZ	Other Grants/Benefits/Client Svcs

DES TRAINING - IRS 1099-MISC Reporting

6 - 1099-MISC workflow - 1099 Download Application (ER Web Intelligence)



A. 1099 Download Application – What is it?

- The “**1099 Download Application**” is referring to the entire environment that includes secure “AFRS XXXX with TIN” universe, secure “AFRS 1099 Report Template” Public Folder and secure “Agency AFRS Transaction Detail Report”.
- “**AFRS XXXX with TIN**” universe – This is a **secure dataset** of your AFRS transaction history. It is the environment where the secure data is stored.
- “**Agency AFRS Transaction Detail Report**” – This is the **secure baseline 1099 template** where users will have the ability to query and filter their AFRS Transaction history detail which will be displayed on a report. TIN information is made available in this secure 1099 report template.
- “**AFRS 1099 Report Template**” – This is the name of the folder in ER Web Intelligence's Public Folder that house the actual Agency AFRS Transaction Detail Report.

The 1099 Download Application is where we'll do the following...

- **Extract** Payments data (1099 baseline template) –

Refer to **SAAM 50.10.65** - Agency's Responsibility in securing dataset

- **Pull only** 1099-MISC data (1099-MISC form)
- **Create** an Excel file by IRS Box Type
- **Convert** Excel format to text tab delimited

DES TRAINING - IRS 1099-MISC Reporting

6 - 1099-MISC workflow - 1099 Download Application (ER Web Intelligence)

B. Baseline 1099 Report Template

- Using prompts to pull payment data
- Agency
- Calendar
- Transaction Type
- General Ledger Code

Agency asked for these data to facilitate reconciliation. Please note that the 1099 baseline template only pull payments.

C. Account Ability Input Template - For 1099-MISC Reporting purposes, the following are data needed for the 1099-MISC form:

IRS Box – This data is not needed for the 1099-MISC form; However, since the amount in the data warehouse does not tell us which box the amount goes on the 1099-MISC form without knowing the IRS Type, we need to pull the IRS box for the purpose of mapping the amount in the AFRS data warehouse (data source) to the appropriate IRS box on the 1099-MISC form (data destination).

- 1) Taxpayer ID
- 2) Tax Type [T] and [S]
- 3) Vendor Name
- 4) Vendor Address 1
- 5) Vendor Address 2
- 6) Vendor Address 3
- 7) Vendor City
- 8) Vendor State
- 9) Vendor Zip code
- 10) Amount

DES TRAINING - IRS 1099-MISC Reporting

6 - 1099-MISC workflow - 1099 Download Application (ER Web Intelligence)

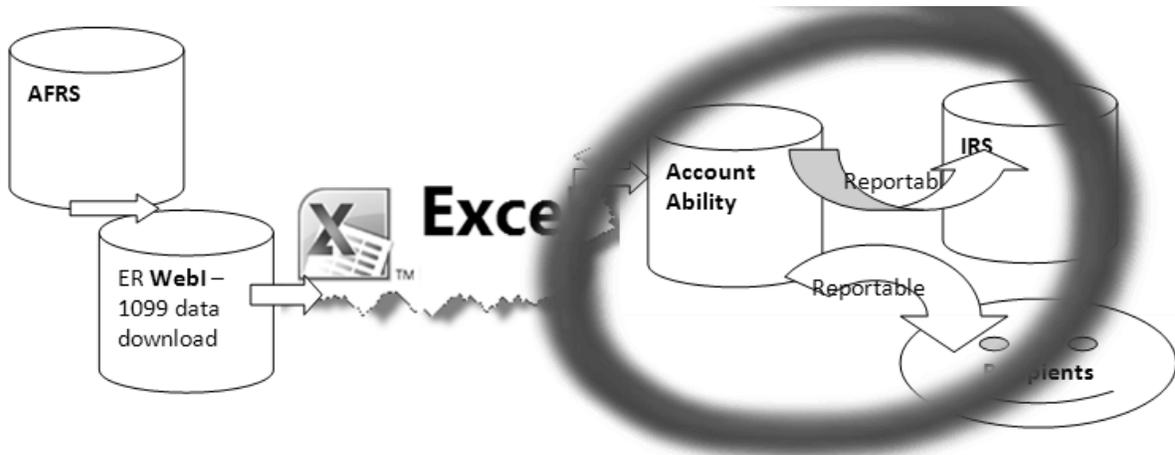
D. WebI IRS Box and 1099-MISC form IRS box

IRS box value in AFRS/ER WebI	Description	IRS box value on the 1099-MISC form	Description
A	CROP INSURANCE PROCEEDS	10	CROP INSURANCE PROCEEDS
C	GROSS PROCEEDS PAID TO AN ATTORNEY	14	GROSS PROCEEDS PAID TO AN ATTORNEY
0 or blank	NON-IRS REPORTABLE		
1	RENTS	1	RENTS
2	ROYALTIES	2	ROYALTIES
3	OTHER INCOME	3	OTHER INCOME
4	FEDERAL INCOME TAX WITHHELD	4	FEDERAL INCOME TAX WITHHELD
5	FISHING BOAT PROCEEDS	5	FISHING BOAT PROCEEDS
6	MEDICAL AND HEALTH CARE PAYMENTS	6	MEDICAL AND HEALTH CARE PAYMENTS
7	NON-EMPLOYEE COMPENSATION	7	NONEMPLOYEE COMPENSATION
8	SUBSTITUTE PAYMENTS IN LIEU OF DIV/INT	8	SUBSTITUTE PAYMENTS IN LIEU OF DIV/INT

DES TRAINING - IRS 1099-MISC Reporting

7 - 1099-MISC Reporting (Account Ability)

Account Ability



1099-MISC - INSTRUCT										
File is empty					<input checked="" type="checkbox"/> VOID	<input checked="" type="checkbox"/> CORR (G)	<input checked="" type="checkbox"/> CORR (C)	<input checked="" type="checkbox"/> Efile	<input checked="" type="checkbox"/> 1096	<input checked="" type="checkbox"/> Printed
PAYER'S name, street address, city, state, ZIP code, and telephone number					1 Rents		OMB No. 1545-0115			
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ADDRESS LINE 1					5 Fishing boat proceeds		6 Medical and health care			
ADDRESS LINE 2					7 Nonemployee compensation		8 Substitute payments...			
CITY WA 98504					9 Payer made direct sales of \$5000 or more of consumer products to a buyer (recipient) for resale => <input checked="" type="checkbox"/>		10 Crop insurance proceeds			
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Street address				APT.						
City		State	Zip Code	Zip Ext.						
Account number		Foreign <input checked="" type="checkbox"/>	CFSP	USPS DP	2nd TIN <input checked="" type="checkbox"/>					
15a Section 409A deferrals		15b Section 409A income								
E-Mail:										

DES TRAINING - IRS 1099-MISC Reporting

7 - 1099-MISC Reporting (Account Ability)

- Map Web Intelligence data to Account Ability 1099-MISC form

	WebI	Account Ability	1099-MISC form
	IRS Box	Not applicable	Not applicable
	The IRS value tells where the Amount in the AFRS data warehouse (the data source) should be mapped to on the 1099-MISC form (the data destination)		
1.	Taxpayer ID	Taxpayer ID	RECIPIENT's identification number
2.	Tax Type [T = 1] and [S=2]	TIN Type	
3.	Vendor Name	Name line 1	RECIPIENT's NAME
4.	Vendor Address 1	Street address line 1	Street address (including apt. no.)
5.	Vendor Address 2	Street address line 2	
6.	Vendor Address 3		
7.	Vendor City	City	City
8.	Vendor State	State	State
9.	Vendor Zip code	Zip code	ZIP code
10.	Amount	<p>See IRS Box value in the Source field, IRS Box, to determine which IRS box to map to on the 1099-MISC Form.</p> <p>For example, if Source IRS box value is 1, this "1" means that the Amount is for Rents on the 1099-MISC form.</p>	

- Import data from source to destination (1099-Misc form)

Note:

- ✓ *Thall shall not make changes to forms in Account Ability*
- ✓ *Thall shall not manually create forms in Account Ability*

DES TRAINING - IRS 1099-MISC Reporting

8 – How to enter data on the IRS 1099-MISC form

(Please only create forms via the **IMPORT utility**)



Client (Filer) Management

DES supports
1099-MISC only



Active Forms



Add a new recipient [Ins] (with automatic insert) – **Please only create forms via the IMPORT utility.** The Shared Recipient database (aka centralized list of taxpayers) is not automatically updated when importing returns. If you have accidentally created a return using this Add (Insert) function, please click **X** on the recipient toolbar to cancel the return.



[1099-MISC] **Save** Changes [F8] – **Recipient Database is updated – Please [Delete].** If you have accidentally saved a manually created return in the RECIPIENT's databases, please position cursor in the return's RECIPIENT'S ID Number field and double-click. This will access the Shared Recipient database (aka centralized list of taxpayer). You can **DELETE** the taxpayer information from the Shared Recipient database.

Deleting a recipient from the Shared Recipient database the centralized list of taxpayers) will not affect any existing returns for that recipient.



[1099-MISC] Cancel Change (Ctrl+F8, Esc)



Browsing Returns within a Client (Agency) – Browse mode is indicated by the browse icon appearing next to the reporting year on the tax forms.



Browse Buttons: Navigation first, back, forward, last



Moves to the first form in client's list of forms.



Moves to the previous form in client's list of forms.



Moves to the next form in client's list of forms.



Moves to the last form in client's list of forms.



[1099-MISC] **Locate** a recipient [F5] – This function will allow you access to the Shared Recipient Database.



[1099-MISC] **Delete** recipient (Ctrl+Del) (with confirmation)

DES TRAINING - IRS 1099-MISC Reporting

8 – How to enter data on the IRS 1099-MISC form

(Please only create forms via the IMPORT utility)



[1099-MISC] Compute totals [F9].



[1099-MISC] **Control Report** (Ctrl + P) – This function will open up the Control Report for the client (Agency) selected. The Control Report provides a listing of all the forms created for the selected client.



[1099-MISC] **Print Forms** (Ctrl + F) – This function will open up the GDI Print Options for the selected Client (Agency). You can print all the forms for your agency.



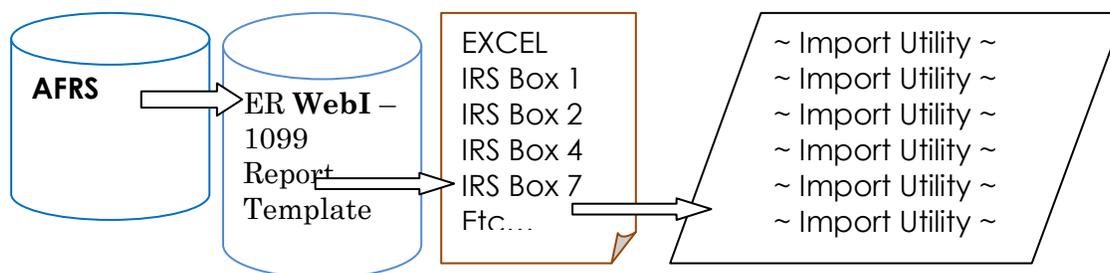
Electronic Reporting (1099-MISC) → Create (or append) the IRS transmittal file (Ctrl + E) – **DES Support Staff performs this function.**



Close 1099-MISC – for client ID [F10]

DES TRAINING - IRS 1099-MISC Reporting

9 - How to make changes as necessary



WebI

- Identify your 'payments' data by IRS box (reportable versus not reportable).
- Make changes in AFRS

Excel

- Make changes to your Excel spreadsheet

- The earlier in the selection of tools to make your change, the less work is involved to finalize the preparation of your 1099-MISC forms.
- The earlier in the selection of tools to make your change, the more audit trail you have.
- Two types of correction – **recipient profile** and **IRS box amounts**
- **Recipient profile** – Records for the same tax ID with different address – you will need to clean the address in the Excel spreadsheet before the upload. If recipient profile is incorrect that first month, make sure to update that spreadsheet with the correct address. Keep a backup of the spreadsheet for each load.
- Recipient profile – First instance that a recipient appeared, any correction to the recipient profiles should be updated in that spreadsheet. Account Ability does not update profiles.
- **Amounts** – Use "Roll up" function in the Import process. If recipient ID exists, new amount is added to existing recipient form. If recipient ID did not exist, new 1099-MISC form is created. Keep a backup of the spreadsheet for each load.
- **Keep a backup for each spreadsheet uploaded** – Make sure you know exactly the start date and end date of each file (It is suggested that Agencies add "process date" as additional filter to the baseline 1099 report template). If a mistake happened in FM03 upload (for example), you can start over with re-loading FM01, FM02, and FM03 from back up.
- Use **Criteria Filter** – to set reportable amounts versus not reportable amounts – Account Ability will void the form that has amount less than threshold. For example, if reportable rent is only \$500 for a particular recipient, Account Ability will void this recipient form because it did not meet the amount threshold.

DES TRAINING - IRS 1099-MISC Reporting

9 - How to make changes as necessary

DES TRAINING - IRS 1099-MISC Reporting

10 - DES and IRS Due Dates

1. Throughout the calendar year	Review and correct monthly 1099 records
2. When access to Account Ability is available	Review 1099 Agency Contact List for accuracy before 1099's are printed (only the phone number will be printed on the 1099, names and extensions will not be shown). Notify DES (afsrhelpdesk@ofm.wa.gov) of any discrepancy
3. December 2012	Account Ability upgrades to 2012 IRS 1099-MISC forms
4. December 31, 2012	The 2012 tax year reporting cycle ends
5. January 1 – January 22, 2013	Agencies can begin loading their 1099 data into Account Ability through the import process.
6. January 22, 2013	Agencies finalize all imports into Account Ability
7. January 23 - 31, 2013	DES will begin the Printing & mailing of the IRS 1099-MISC forms. AGENCIES WILL NOT BE ALLOWED TO WORK IN ACCOUNT ABILITY UNTIL FEBRUARY 1, 2013.
8. February 1 – 8, 2013	DES will get the IRS 1099-MISC file ready for submission of TIN matching to the IRS.
9. February 1 – March 15, 2013	Agencies will have this time to make corrections to 1099's before submission to the IRS. Correction must be done using the import process.
10. March 15, 2013	Agencies finalize all updates into Account Ability for IRS electronic filing.
11. January 31	This is the due date for issuing 1099 forms to recipients
12. March 18, 2013	DES will prepare the IRS 1099-MISC form for submission to the IRS through the electronic filing process. AGENCIES WILL NOT BE ALLOWED TO WORK IN ACCOUNT ABILITY.
13. March 31, 2013	This is the due date for filing electronically to the IRS

DES TRAINING - IRS 1099-MISC Reporting

11 – Printing and Mailing

A. Bulk Printing and Mailing Deadlines – By January 31

- DES is responsible for printing and mailing of your 1099-MISC forms.
- Check the “**1099 Processing Schedule for Calendar Year 2012**” calendar - Pay attention to when is the last day to make changes to 1099 data in Account Ability.
- Prior to cut-off date, Agency needs to make sure that the forms are ready for printing and mailing.
- How does Agency ensure that forms are ready for printing by cut-off date? **“Uncheck Printed” checkbox** is the key – these forms are ready for printing and mailing.
- Agency can uncheck one by one through navigation of each form.
- Agency can also use the **Tools \ Clear Print Indicators** option.
- DES will prepare for printing and mailing of recipients' 1099 (**January 23 - 31, 2013**).
- After DES completed the printing and mailing of agencies 1099-MISC forms, any corrected or reprinting will be done by the agencies.

DES TRAINING - IRS 1099-MISC Reporting

11 – Printing and Mailing

B. Request for Re-Print of IRS 1099-MISC

What if agency needs to print a selected form? Use **File \ Print Forms** for selected record

Follow these steps to create an individual copy:

- Open up your Client Agency
- Open the 1099-MISC forms for your agency
- Locate the 1099-MISC that you wish to print
- Click on "File" to open up the dropdown menu
- Click on **Print Forms** from Selected Record and you will receive the following message:
 - You are requesting to print forms for the selected recipient only. Okay to Proceed?
 - Yes – allows you to proceed
 - No – returns you to the 1099-MISC forms
- The Print Setup screen will be visible. From this screen you will need to **locate your printer** in the NAME dropdown and select it. Press OK.
- You now have the GDI Print Options screen at this screen you will need to click the box next to the type of form you wish to print under the "Designated Forms" section. The required form for recipient would be COPY B FOR RECIPIENT. Click Print. (Agency has the option to choose Copy C for Payer to keep on file.) **Note: Do not select any of the other form types for this process as they have other requirements.**
- Click the close button to complete the process.

DES TRAINING - IRS 1099-MISC Reporting 12 – Understand TIN matching process

TIN Matching and Report to 1099-MISC Forms to IRS – by March 31

- DES performs **TIN-matching** on behalf of Agencies

DES TRAINING - IRS 1099-MISC Reporting

13 - Completing 1099-MISC Processing for the year - Reporting to the IRS

- DES will produce 1099-MISC electronic file for filing with IRS.
- DES will set due date – so Agencies will know when to have all 1099-MISC's ready.
- Be on a look out for due date—(tentatively set for **March 18, 2013**).
- **Single Transmitter Information** - The filing will be e-filed in a single transmittal file containing all Agencies' 1099-MISC.
 - Agencies need to verify that Payer Information and Contact is correct!
- **E-file Indicator:** This is how Agencies know that 1099-MISC's have been e-filed.
- Forms will be locked for review only after final submission to IRS.
- **March 21 & forward** – Agency will produce manual 1099 Corrections and manually report those to IRS.

DES TRAINING - IRS 1099-MISC Reporting

14 - Where to get tax information

IMPORTANT WEBSITES & INFO AVAILABLE

- www.irs.gov to access Internal Revenue site
 - 2012 General Instructions for Forms 1099, 1098, 5498, and W-2G
 - 2012 Instructions for Form 1099-MISC
 - Publications 1281, 1586, and 1679
 - Vendors Call
 - Toll Free: 866-455-7438
 - TDD: 304-267-3367
 - FAX: 304-264-5602
 - E-Mail: mccirp@irs.gov
 - Foreign Vendors call
 - IRS 1099 Hotline: 304-263-8700 or vendor toll free #
 - IRS International Tax Hotline: 215-516-2000

The screenshot shows the IRS website homepage with the following elements:

- Header:** IRS logo, navigation links (Change Text Size, Contact IRS, About IRS, Español, Other Languages, Help), and a search bar.
- Navigation Menu:** Individuals, Businesses, Charities & Non-Profits, Government Entities, Tax Professionals, Retirement Plans Community, Tax Exempt Bond Community.
- Hero Section:** Three promotional tiles: "I need to know my payment options", "I'm waiting for my refund", and "I need to file my tax return".
- Forms & Pubs:** Links to W-9, 941, W-4, 1040, 941 Inst, 1099MISC, W-2, 4506-T, Tax Table, and 1040 Inst.
- Hot Topics:** Pay Your Tax Bill, Free File: It's Fast, Easy & Secure, E-file Your Form 2290 This Year, Schedule Your RTRP Test, and Affordable Care Act Tax Provisions.
- Tools:** Order a Return or Account Transcript, Use the Interactive Tax Assistant, Apply for an EIN Online, Request an Electronic Filing PIN, and First Time Homebuyer Credit Look-up.
- Filing & Payment:** Links to where's my refund?, freefile, IRS e-file, and EFTPS.
- News:** Prepare for Hurricanes, Disasters by Safeguarding Tax Records; Taxpayer Advocate Releases Mid-Year Report to Congress; IRS Marks Third Anniversary of Return Preparer Review; IRS Sheds More than One Million Square Feet of Office Space.
- For Tax Preparers:** Offshore Disclosure, Making a Payment, Fresh Start, Identity Theft. Includes a "Registered Tax Return Preparer" section and "Schedule Your Test Today" information.
- Social Media:** Links to Twitter, YouTube, RSS, and a message for tax return preparers.
- Footer:**
 - Resolve an Issue:** Appealing a Tax Dispute, Responding to a Notice, Taxpayer Advocate Service, Disaster Relief.
 - Gather & Protect Info:** Privacy Policy, Reporting Phishing, Identity Theft, Freedom of Information Act, Tax Stats, No FEAR Act.
 - Visit Other Sites:** U.S. Treasury, USA.gov, Whitehouse.gov, Treasury Inspector General for Tax Administration.
 - Access Other Formats:** Accessibility, Español, 中文, 한국어, TiếngViệt, Русский.
 - Work at IRS:** Careers, Equal Employment Opportunity, Contracting Opportunities.

DES TRAINING - IRS 1099-MISC Reporting

Review of Agencies/DES Responsibilities

Agencies' Responsibilities

- Accurate & Timely Preparation
- Accuracy of data imported into Account Ability
- Accuracy of data submitted to IRS

DES' Responsibilities

- Maintenance of processes to support agency – WebI & Account Ability
- Printing and mailing to recipients
- TIN Matching of IRS 1099-MISC forms
- Timely Transmission to the IRS

DES TRAINING - IRS 1099-MISC Reporting

Review of Class Objectives

Class Description: This is four-hour class that will provide employees information on why we do 1099's and how to prepare them. It will give you an overview of the forms that are required, terms that are used, and instruction on using the Account Ability to create the IRS 1099-MISC forms.

Target Group: Fiscal and other agency personnel that will be involved with preparing 1099-MISC forms.

Class Objectives: At the conclusion of this class, participants should be able to:

14. Understand the importance of accurate 1099 data
15. Understand which forms are required
16. Understand 1099 terminology
17. Understand where to get tax information
18. Understand tools available for 1099-MISC reporting
19. ER Web Intelligence – 1099 Download Application – How to get to your 1099 data
20. Account Ability – 1099-MISC reporting
21. Understand how to import data on to the IRS 1099-MISC form
22. Understand how to enter data on the IRS 1099-MISC form
23. Understand how to make changes as necessary
24. Understand the importance of DES and IRS deadlines
25. Understand TIN matching process
26. Understand 1099-MISC reporting to the IRS

Did we meet these objectives? Please fill out training evaluation form.

DES TRAINING - IRS 1099-MISC Reporting

Careful Considerations

- **BO 4.0** – Works have started to upgrade Business Object to Release version 4.0 the first week of January 2013.
- **Account Ability Licenses** – Currently, there are only 99 user licenses in Account Ability.
- **2012 1099-MISC form** will be available sometimes in December 2012.
- **Always use your computer's C drive.**
- **Shared Recipients Database** – This is a shared database of all recipients' profile – please do not manually create forms or edit forms while logged in Account Ability.
- Last person out, **please say no** – If you are the last person logging out of Account Ability, you may be prompted to restore the database, say NO!
- **Be careful of printer chosen** – If you are printing forms or reports in Account Ability, please be careful to ensure that you select YOUR printer.

DES TRAINING - IRS 1099-MISC Reporting Questions?

Please contact the **DES Accounting Applications Service Desk** for questions/problems on the IRS 1099-MISC Reporting system.

Phone:

360-407-8182

E-mail:

afershelpdesk@ofm.wa.gov