

Year-End 1099 Instructions

The purpose of this information is to provide business units/agencies supported by the statewide PeopleSoft Financials system with instructions and important dates associated with the 1099-MISC reporting process for the 2010 calendar year. Please make sure this information is conveyed to relevant staff in your agency/business unit.

NOTE: This information exclusively addresses procedures related to 1099-MISC reporting. If business units/agencies file other types of 1099 forms with the IRS, the applicable requirements should be followed in those situations as well. See 1099-MISC reporting requirements at <http://www.irs.gov/pub/irs-pdf/i1099misc.pdf>.

Here are the main topics covered in this important year end 1099 communication:

- [IRS Requirements of 1099-MISC](#)
- [Procedures to Submit 1099-MISC](#)
- [Year - End 1099 Processing Schedule](#)
- [Year - End 1099 Job Aids/Training Tools](#)
- [Questions](#)

IRS REQUIREMENTS FOR 1099-MISC

The Internal Revenue Service (IRS) requires that form 1099-MISC be filed when:

1. Payments for services to a business or individual total \$600 or more during a calendar year, or
2. Royalties greater than or equal to \$10 are paid to a business or individual within a calendar year.

PROCEDURES FOR REPORTING 1099-MISC PAYMENTS

The State Accounting Office (SAO) is responsible for compiling, printing, and filing the 1099-MISC information with the IRS on behalf of the state agencies. SAO must transmit the electronic 1099-MISC file to the IRS on March 15, 2011. In order to do this in a timely manner, each agency is responsible for mailing the 1099-MISC forms to their recipients **no later than January 31, 2011**. Prior to printing of the 1099-MISC forms, SAO relies on state agencies to review and ensure that information for all vendors paid by their agency is complete and accurate.

Accordingly, it is very important that all agencies verify their vendor payments and related information included in the reports (detailed below) and complete changes in the PeopleSoft Financials system **by January 13, 2011**. Specifically, agencies need to follow these steps:

1. **Address all vendor file corrections** to ensure that corrections are included on the final file that is used for printing and mailing. This is important; as the State can be assessed a penalty for each 1099-MISC forms that is incorrectly reported.
2. **Ensure the most accurate and complete information is distributed** to the 1099-MISC recipients by reviewing the guidelines provided below:

- ✓ Determine if each vendor on the APXXX0412 summary report is a 1099 reportable entity.
- ✓ Determine completeness of the APXXX0412 summary report.
- ✓ If a vendor is considered a 1099 reportable entity, verify that payments issued are considered tax reportable payments.
- ✓ Verify that the vendor information in PeopleSoft (i.e., vendor name and address, taxpayer number, 1099 code, and payment total) is correct.
- ✓ Verify the accuracy and completeness of agency address and phone number information.

3. **Ensure that the applicable 1099 vendors are properly identified in the system.** A brief description of the primary reports used in the verification process follows:

- **1099 Summary Report** (APXXX0412, where XXX = Business Unit) - This report provides a list of the vendors by vendor name, and the 1099 codes/amounts from the 1099 Ledger. In PeopleSoft, the 1099 Ledger balances on a daily basis for each Business Unit. Vendor balances displayed within this report include 1099 adjustments entered on the Adjust Withholding page (real-time update) or the Update Voucher Line Withholding page (updated during batch).
- **1099 Detail Report** (APXXX0413, where XXX = Business Unit) - This report provides a detailed list of vouchers by vendor name that are 1099 eligible. PeopleSoft maintains this detailed information throughout the year. 1099 adjustments entered on the Adjust Withholding page are not displayed on this report, but may be viewed by running query OAP001_1099_ADJUST.

YEAR - END 1099 PROCESSING SCHEDULE

Click [here](#) for the Year-End 1099 Processing Schedule for the 2010 calendar year.

YEAR END 1099 JOB AIDS/ TRAINING TOOLS

Various review steps and related job aids are provided below for your convenience.

1. During vendor set-up, vendors (if appropriate) should be designated as 1099 eligible. As a result, all lines on a voucher payable to that vendor will be marked as 1099 eligible. A voucher line previously selected as 1099 eligible can be deselected as needed prior to a payment posting to the voucher.
 - See link to Job Aids for [AP-2.8.1- Create a 1099 Voucher](#)
 - The 1099 transactions are based on amounts **paid** from vouchers that have voucher lines marked as 1099 eligible.

NOTE: To ensure that all 1099 eligible payments are captured within the appropriate calendar year, the Withhold Date on the Payment Selection Criteria (Pay Cycle) page **must fall within the applicable calendar year**. The Withhold Date (usually the payment date) defaults to the current date, and should be updated as needed to reflect the appropriate withholding period. The Withhold Date determines the reporting period in which a withholding amount is reported for a vendor (e.g., January 1 to December 31, 2010 for the 2010 calendar year).

2. Once the 1099 balance is posted for a voucher, any changes to the balance must be entered via the Adjust Withholding page or the Voucher Line Withholding page.
 - See link to Job Aid for [AP-2.8.3 - Create a 1099 Adjustment](#) and [AP-2.8.2 – Deselect Voucher Lines on a 1099 Voucher](#).
3. A 1099-MISC form may be issued for a vendor/payee who received a payment that was not originally issued from the PeopleSoft Financial system (e.g., for payment to a death beneficiary who had not been identified as a 1099 payee, or 1099 vendor payments during calendar year 2010 that originated in another financial system but were converted to PeopleSoft Financials during the reporting period). As mentioned above, a payee must be set up as a 1099 vendor in PeopleSoft Financials before payments can be captured for 1099-MISC reporting.
 - See link to Job Aid for [AP-2.8.3 - Create a 1099 Adjustment](#).
4. Balance inquiries for 1099 vendors are available in PeopleSoft, and should be used for reconciliation of vendor balances.
 - See link to Job Aid for [AP-2.8.4 - 1099 Balance Inquiry](#).

QUESTIONS: SAO Customer Service Center - Financials
404-657-3956
1-888-896-7771
acctspay@sao.ga.gov