



COMMONWEALTH of VIRGINIA

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December 5, 2006

MEMORANDUM

TO: Chief Fiscal Officers and 1099 Distribution List

FROM: Sharon H. Lawrence, Director
Financial Reporting

SUBJECT: Information Returns Reporting Schedule for Calendar Year/Tax Year 2006

The Calendar Year/Tax Year 2006 year-end information returns processing schedule is attached. All agencies should adhere to the year-end IRS processing schedule to ensure that all information returns are filed timely. Agencies not participating in the Department of Accounts' (DOA) 1099 Adjustment and Reporting System (ARS) should disregard the ARS references in this memorandum and in the attachment.

For agencies participating in ARS, information returns data is available in three formats: paper copy reports, an Advanced Micro Solutions, Inc. (AMS) download file, and an ASCII flat file format. The latter two options are accessible through FINDS.

The first set of ARS reports contains the 1099 reportable transactions and adjustments processed from January 1, 2006 through November 30, 2006. These reports were posted on Reportline on Friday, December 1, 2006. Agencies should review these reports for accuracy and completeness. Adjustments to this information should be processed through the ARS by Friday, December 29, 2006.

The second set of ARS reports will be posted on Reportline on Saturday, December 30, 2006. Agencies will have until COB Tuesday, January 16, 2007, to process final adjustments through the ARS for Calendar Year/Tax Year 2006.

The final set of ARS reports will be posted on Reportline on Wednesday, January 17, 2007. Also, on Wednesday, January 17, 2007, the final set of 1099 ARS files will be available for downloading to your information returns software through FINDS. Downloading requirements vary with the software. See CAPP Topic 70805, *1099 Adjustment and Reporting System (ARS)*.

DOA recommends the following procedures when preparing IRS 1099 Information Returns:

- Review the latest edition of the following CAPP topics for the IRS requirements for information returns compliance. CAPP Topics 20320 and 70805 will be updated and available on the DOA website in December, 2006.
 - CAPP Topic 20320, *Information Returns Reporting*,
 - CAPP Topic 20319, *Electronic Federal Tax Payments Processing*
 - CAPP Topic 70805, *1099 Adjustment and Reporting System (ARS)*
- Issue all information returns to the recipients by January 31, 2007, for Calendar Year/Tax Year 2006.
- File magnetic media or paper information returns using the required transmittal documents with the IRS by February 28, 2007 for the Calendar Year/Tax Year 2006, or file electronically with the IRS using the FIRE (Filing Information Returns Electronically) system by April 2, 2007.
- Whenever 250 or more of a particular information return type are issued, agencies must submit those returns to the IRS on magnetic media or electronically (not paper). Agencies unable to comply with this requirement should contact the IRS immediately and obtain a waiver. Be sure to obtain and review the detailed requirements in **IRS Publication 1220** (Rev. 10-2006), *Specifications for Filing Form 1098, 1099, 5498, and W-2G Electronically or Magnetically*.
- To report backup withholding taxes to the IRS, file **Form 945**, *Annual Return of Withheld Federal Income Tax* by January 31, 2007, for Calendar Year/Tax Year 2006. Refer to CAPP Topic 20319, *Electronic Federal Tax Payment Processing*, for further guidance.
- To report taxable payments made to foreign citizens, file the **Form 1042-S**, *Foreign Person's U. S. Source Income Subject to Withholding* with the recipient by March 15, 2007. Also, by March 15, 2007, file with the IRS, the **Form 1042**, *Annual Withholding Tax Return for U. S. Source Income of Foreign Persons*, the **Forms 1042-S**, and the **Form 1042-T**, *Annual Summary and Transmittal of Forms 1042-S*.

Any questions should be directed to Nick Whitby via e-mail at Nick.Whitby@doa.virginia.gov or at (804) 371-7808.

Attachment

2006 Information Returns Year-End Processing Schedule

<u>First Set of ARS Reports</u>	<u>Report Period</u>	<u>Distribution Date</u>
ACTR3005 , <i>1099 Reportable Transactions</i>	Jan. - Nov. 2006	December 1, 2006
ACTR3010 , <i>Detailed 1099 Reportable Trans. with Adj.</i>	Jan. - Nov. 2006	December 1, 2006
ACTR3015 , <i>Summarized 1099 Reportable Trans. with Adj.</i>	Jan. - Nov. 2006	December 1, 2006

<u>Adjustments to First Set of ARS Reports</u>	<u>Report Period</u>	<u>Processing Dates</u>
Review First Set of ARS Reports & Process Adjustments	Jan. - Nov. 2006	Dec. 1 - Dec. 29

<u>Second Set of ARS Reports</u>	<u>Report Period</u>	<u>Distribution Date</u>
ACTR3005 , <i>1099 Reportable Transactions</i>	Jan. - Dec. 2006	December 30, 2006
ACTR3010 , <i>Detailed 1099 Reportable Trans. with Adj.</i>	Jan. - Dec. 2006	December 30, 2006
ACTR3015 , <i>Summary 1099 Reportable Trans. with Adj.</i>	Jan. - Dec. 2006	December 30, 2006

<u>Adjustments to Second Set of ARS Reports</u>	<u>Report Period</u>	<u>Processing Dates</u>
Review 2nd Set of ARS Reports & Process Adjustments	Jan. - Dec. 2006	Dec 30 - Jan. 16

<u>Final Set of ARS Reports and Download Files</u>	<u>Report Period</u>	<u>Distribution Dates</u>
ACTR3005 , <i>1099 Reportable Transactions</i>	Jan. - Dec. 2006	January 17, 2007
ACTR3010 , <i>Detailed 1099 Reportable Trans. with Adj.</i>	Jan. - Dec. 2006	January 17, 2007
ACTR3015 , <i>Summarized 1099 Reportable Trans. with Adj.</i>	Jan. - Dec. 2006	January 17, 2007
ACTB3035 , <i>Vendor Payments Subject to Information Returns Reporting</i>	Jan. - Dec. 2006	January 17, 2007
ACTB3040 , <i>Vendor Payments Subject to Information Returns Reporting by State</i>	Jan. - Dec. 2006	January 17, 2007
ACTB3045 , <i>Backup Withholding Payments by Agency</i>	Jan. - Dec. 2006	January 17, 2007
FINDS - 1099 Files Available for Downloading	Jan. - Dec. 2006	January 17, 2007

<u>Summary of Selected IRS Due Dates</u>	<u>Report Period</u>	<u>Due Dates</u>
1099 information returns to Recipients	Jan. - Dec. 2006	January 31, 2007
Form 945 , <i>Annual Return of Withheld Federal Income Tax</i>	Jan. - Dec. 2006	January 31, 2007
1099 Information Returns to IRS (Mag. Media or Paper)	Jan. - Dec. 2006	February 28, 2007
1099 Information Returns to IRS (Electronic Filing)	Jan. - Dec. 2006	April 2, 2007
Forms 1042, 1042-T & 1042-S to the IRS and recipients	Jan. - Dec. 2006	March 15, 2007

ATTACHMENT