COMMONWEALTH of VIRGINIA

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December 4, 2012

MEMORANDUM

TO: Fiscal Officers and 1099 Distribution List

FROM: Sharon H. Lawrence, Director
Financial Reporting

SUBJECT: Information Returns Reporting Schedule for Calendar Year/Tax Year 2012

The Calendar Year/Tax Year 2012 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. DOA will provide additional communication(s) to address future 1099 reporting periods as new guidance becomes available.

For agencies participating in ARS, the Calendar Year/Tax Year 2012 information returns data is available in three formats: paper CARS reports via Reportline and remote print, an Advanced Micro Solutions, Inc. (AMS) download file, and an ASCII flat file format. The latter two options are accessible through FINDS for downloading on or after January 17, 2013. Downloading requirements vary with the 1099 reporting software used. See CAPP Topic No. 70805, *1099 Adjustment and Reporting System (ARS).*

The first set of ARS reports contains the 1099 reportable transactions and adjustments processed from January 1, 2012 through November 30, 2012. These reports were posted on Reportline on Monday, December 3, 2012. Agencies should review these reports for accuracy and completeness. Agencies should examine all monthly and quarterly Potentially 1099 Reportable Transactions Reports to determine required adjustments. Adjustments to this information should be processed through the ARS by COB, on the final workday of the year, Friday, December 28, 2012.

DOA will post the second set of ARS reports on Reportline on Monday morning, December 31, 2012. Agencies will have through COB Wednesday, January 16, 2013, to process their final ARS adjustments for Calendar Year/Tax Year 2012. The final set of ARS reports will be posted on Reportline on Thursday, January 17, 2013.

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

- Review the following CAPP topics for the IRS requirements for information returns compliance.

  - CAPP Topic No. 20319, *Electronic Federal Tax Payments Processing*
  - CAPP Topic No. 20320, *Information Returns Reporting*
  - CAPP Topic No. 70805, *1099 Adjustment and Reporting System (ARS)*

- Issue paper information returns to the recipients by Thursday, January 31, 2013 for Calendar Year/Tax Year 2012. The due date is extended to February 15, 2013 if reporting payments in boxes 8 or 14.

- File paper information returns to the IRS using the required transmittal documents by February 28, 2013 for the Calendar Year/Tax Year 2012 or file electronically with the IRS using the FIRE (Filing Information Returns Electronically) system by April 1, 2013.

- Whenever 250 or more of a particular information return type are issued, agencies <u>must</u> submit those returns to the IRS electronically (no paper returns are allowed). Agencies unable to comply with this requirement should contact the IRS immediately and obtain a wavier. Please review the detailed requirements in **IRS Publication 1220** (Rev. 9-2012), *Specifications for Filing Forms 1097, 1098, 1099, 3921, 3922, 5498, 8935, and W-2G Electronically.*

- Report backup withholding taxes to the IRS, on the **Form 945**, *Annual Return of Withheld Federal Income Tax* by Tuesday, January 31, 2013 for Calendar Year/Tax Year 2012. Refer to CAPP Topic No. 20319, *Electronic Federal Tax Payment Processing*, for further guidance.

- To report taxable payments made to foreign citizens, file the annual **Forms 1042-S**, *Foreign Person's U. S. Source Income Subject to Withholding,* and the summary **Form 1042**, *Annual Withholding Tax Return for U. S. Source Income of Foreign Persons* with both the recipient(s) and the IRS on the same annual due date, which is March 15, 2013.

- Use **Form 1042-T** to transmit paper **Forms 1042-S**. For filing 250 or more forms electronically, refer to **IRS Publication 1187,** *Specifications for Filing Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, Electronically*. Also review the requirements in **IRS Publication 515**, *Withholding of Tax on Nonresident Aliens and Foreign Entities for use in 2012*. Refer to CAPP Topic No. 20319, *Electronic Federal Tax Payment Processing*, for payment processing procedures through CARS and EDI.

Any questions should be directed to Penny Williams via e-mail at Penny.Williams@doa.virginia.gov or at (804) 225-3804. Please review the Due Dates Attachment shown on the next page.

ATTACHMENT

Selected 2012 IRS Due Dates and Information Returns Year-End Processing Schedule		
IRS Due Dates	**Report Period**	**Due Dates**
1099 Information Returns **to Recipients**	Jan. – Dec. 2012	January 31, 2013
Form 945, *Annual Return of Withheld Federal Income Tax*	Jan. – Dec. 2012	January 31, 2013
1099 Information Returns **to IRS** (Paper**)**	Jan. – Dec. 2012	February 28, 2013
1099 Information Returns **to IRS** (Electronic Filing)	Jan. – Dec. 2012	April 1, 2013
Forms 1042, 1042-T & 1042-S to the IRS and recipients	Jan. – Dec. 2012	March 15, 2013
First Set of ARS Reports	**Report Period**	**Distribution Dates**
ACTR3005, *1099 Reportable Transactions*	Jan. - Nov. 2012	December 3, 2012
ACTR3010, *Detailed 1099 Reportable Trans. with Adj.*	Jan. - Nov. 2012	December 3, 2012
ACTR3015, *Summarized 1099 Reportable Trans. with Adj.*	Jan. - Nov. 2012	December 3, 2012
Adjustments to First Set of ARS Reports	**Report Period**	**Adjustment Processing Dates**
Review ARS Reports & Process Adjustments	Jan. - Nov. 2012	Dec. 1 - Dec. 28
Second Set of ARS Reports	**Report Period**	**Distribution Dates**
ACTR3005, *1099 Reportable Transactions*	Jan. - Dec. 2012	December 31, 2012
ACTR3010, *Detailed 1099 Reportable Trans. with Adj.*	Jan. - Dec. 2012	December 31, 2012
ACTR3015, *Summary 1099 Reportable Trans. with Adj.*	Jan. - Dec. 2012	December 31, 2012
Adjustments to Second Set of ARS Reports	**Report Period**	**Adjustment Processing Dates**
Review 2nd Set of ARS Reports & Process Adjustments	Jan. - Dec. 2012	Jan 1- Jan 16, 2013
Final Set of ARS Reports and Download Files	**Report Period**	**Distribution Dates**
ACTR3005, *1099 Reportable Transactions*	Jan. - Dec. 2012	January 17, 2013
ACTR3010, *Detailed 1099 Reportable Trans. with Adj.*	Jan. - Dec. 2012	January 17, 2013
ACTR3015, *Summarized 1099 Reportable Trans. with Adj.*	Jan. - Dec. 2012	January 17, 2013
ACTB3035, *Vendor Payments Subject to Information Returns Reporting*	Jan. - Dec. 2012	January 17, 2013
ACTB3040, *Vendor Payments Subject to Information Returns Reporting by State*	Jan. - Dec. 2012	January 17, 2013
ACTB3045, *Backup Withholding Payments by Agency*	Jan. - Dec. 2012	January 17, 2013
FINDS - 1099 Files Available for Downloading	Jan. - Dec. 2012	January 17, 2013