

FORMS 1099 & Information Returns



Fiscal Fundamentals



Virginia Department of Accounts

Financial Accountability. Reporting Excellence.



What are information returns?

- Reports to the IRS about various types of payments to certain recipients
- One such information report is Form 1099
- **Form 1099 – MISCELLANEOUS (1099-M)** is common to nearly all agencies and institutions
 - Reports payments for SERVICES (but NOT payments for supplies or materials)

1099 Reportable Recipients

- Individuals (non-employees)
- Sole proprietors
- Partnerships
- Trusts
- Estates
- Medical and Legal Corporations only (but NOT other corporations)
- Limited liability companies





Prepare a 1099 for an employee for:

Military pay differential

(Payments made by employers to former employees who are actively serving in either the Armed Forces of the United States or the National Guard are not subject to income tax withholding, but they are subject to income tax.)

Contractual services NOT in job description

Deceased employee payments

- Include accrued wages, vacation pay, or other payments due to employee after death
- If in year of death, file both W-2 and 1099
- If after year of death, file 1099 only



Annual Due Dates

January 31 (to recipients)

February 28 (to IRS – Paper/Magnetic)

March 31 (to IRS – Electronic)





Automation and 1099s

State agencies and institutions have the option of using DOA-maintained automated systems to meet the federal requirements for filing the common types of non-payroll information returns without affecting CARS financial data:

- 1099 Adjustment and Reporting System (ARS)
- CARS Vendor Edit Table
- Online viewing of 1099 adjustments
- FINDS downloads to PC-based software
- Monthly, quarterly, and annual ARS reports.



Purchase Cards and 1099s

Agencies participating in the Purchase Charge Card Program should ensure that all eligible payments to reportable vendors are reported on a Form 1099 (CAPP Topic [20355](#), *Purchasing Charge Card*). Purchase Card payments to individual Vendor IDs are not recorded in CARS because the Purchase Card payment is made to GE MasterCard, not to individual vendors.

Remember that Purchase Cards usually buy materials and supplies, which are not reported on 1099s.

However, agencies should review GE MasterCard monthly bills for purchases of services, which are reportable. When you have identified vendors from whom your agency purchased services, enter vendor type and other appropriate information into the CARS Vendor Edit Table.



Purchase Card and 1099s cont.

The Purchase Card agent (GE MasterCard) provides reports to assist in the processing of information returns. Those reports include:

- Merchant Category Control Codes (currently available on the DOA web-site)
- Vendor TIN/Name verification (not currently available, pending IRS approval)



CAPP Manual Topics

[20319](#), Electronic Federal Tax Payment Processing

[20320](#), Information Returns Reporting

[20355](#), Purchasing Charge Card

[70805](#), 1099 Adjustment and Reporting System (ARS)

DOA web site ([IRS Information Returns - 1099 Reporting - Virginia Department of Accounts](#))

References – IRS

IRS Internet Web Site (www.irs.gov)

- Click on “Forms and Publications,” Examples:
 - 200X General Instructions for Forms 1099, etc.,
 - Form 1099-MISC, Miscellaneous Income
 - Form W-9, Request for Taxpayer ID & certification
 - Publication 1220, Specification for Filing Electronically or Magnetically
 - Publication 1281, Backup Withholding for Missing & Incorrect Name/TIN(s)
- Use Adobe 8.0 to open PDF files fastest.

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