



COMMONWEALTH of VIRGINIA

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MEMORANDUM

TO: Fiscal Officers and 1099 Distribution List

FROM: Penny B. Williams, Indirect Cost Coordinator
Financial Reporting

SUBJECT: Information Returns Reporting Schedule for Calendar Year/Tax Year 2016

All agencies should adhere to the year-end IRS processing schedule to ensure that all information returns are filed timely.

The Cardinal Project converted calendar year 2016 payments for agencies from CARS to Cardinal. Using the CARS Payment History file as the source for the conversion, the 1099 tables in Cardinal were populated with data for payments there were paid to 1099 reportable vendors and paid using 1099 reportable accounts. This converted data and payments made from Cardinal are available in Cardinal for 1099 Misc reporting.

The Cardinal Job Aid, SW AP312 – 1099 Processing, is available on the Cardinal website. Please refer to the job aid for assistance with creating and sending the 1099-MISC files and Copy B forms, reviewing 1099 withholding data and queries, and making adjustments to the withholding tables along with other information on the Cardinal 1099 process:

http://www.cardinalproject.virginia.gov/Statewide%20Job%20Aids/Accounts_Payable/SW_AP312_1099_Processing.pdf Revised 12/7/16

Typically, all 1099 information returns are due to the recipients by January 31, 2017.

Note: Effective Calendar Year/Tax Year 2016, the reporting due date to the IRS for Form 1099-MISC with box 7 Non Employee Compensation is January 31, 2017. For all other 1099-MISC submissions the due date to the IRS is February 28, 2017 (unless filed electronically when the due date is extended until March 31, 2017).

DOA recommends the following procedures when preparing IRS 1099 Information Returns for Calendar Year/Tax Year 2016:

- 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
- Issue paper information returns to the recipients by Tuesday, January 31, 2017. The due date is extended to February 15, 2017, if reporting payments in boxes 8 or 14.
- When reporting information in box 7 Non Employee Compensation, file Form 1099 Miscellaneous with the IRS using the required transmittal documents by January 31, 2017. Otherwise, file paper information returns by February 28, 2017, or file electronic returns with the IRS using the FIRE (Filing Information Returns Electronically) system by March 31, 2017.
- Whenever 250 or more of a particular information return type are issued, agencies must 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 waiver. Please review the detailed requirements in **IRS Publication 1220, Specifications for Electronic Filing of Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G**.
- Report backup withholding taxes to the IRS, on the **Form 945, Annual Return of Withheld Federal Income Tax** by Tuesday, January 31, 2017, for Calendar Year/Tax Year 2016. 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, 2017.
- Use **Form 1042-T** to transmit paper **Forms 1042-S**. For filing 250 or more forms electronically, refer to **IRS Publication 1187, Specifications for Electronic Filing of Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding**. Also review the requirements in **IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities** (for use in 2016). Refer to CAPP Topic No. 20319, *Electronic Federal Tax Payment Processing*, for payment processing procedures.

Please contact me should you have any questions via e-mail at Penny.Williams@doa.virginia.gov or at (804) 225-3804.