

Process 1099 Forms

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Process 1099 Forms

This guide provides the necessary steps to verify and produce 1099-MISC (Miscellaneous Income) and 1099-NEC (Nonemployee Compensation) forms using the Finance application.

Beginning with the 2020 tax year, nonemployee compensation (i.e., payments to a non-employee, such as an independent contractor) totaling \$600 or more must be reported on the new Form 1099-NEC. **Previously**, nonemployee compensation was reported in box 7 on Form 1099-MISC.

This guide assumes you are familiar with the basic features of the TxEIS Business system and have reviewed the TxEIS Business Overview guide.

Before You Begin

Review the following information prior to processing 1099 forms:

□ Complete 1099-NEC filing to the IRS by February 1st, using either paper or electronic filing procedures.

□ Complete the 1099-MISC filing to the IRS by March 1st if filing by paper or March 31st if filing electronically.

□ If your LEA has more than 250 1099 forms, you **must** file electronically. This requirement applies separately to each type of form.

□ If the LEA has less than 250 1099 forms, LEA's can still opt to file electronically. Refer to the IRS Filing Information Returns Electronically (FIRE) homepage for additional information.

LEAs who plan to file by paper must submit Copy A for each recipient along with Form 1096.

Terms:

Term	Description
IRS	Internal Revenue Service
SSA	Social Security Administration
SSN	Social Security Number

Term	Description
Form 1099-MISC	 File Form 1099-MISC for each person to whom you have paid during the year: at least \$10 in royalties or broker payments in lieu of dividends or tax-exempt interest; at least \$600 in:
	 rents; services performed by someone who is not your employee; prizes and awards; other income payments; medical and health care payments; generally, the cash paid from a notional principal contract to an individual, partnership, or estate; payments to an attorney;
	You must also file Form 1099-MISC for each person from whom you have withheld any federal income tax (report in box 4) under the backup withholding rules regardless of the amount of the payment.
Form 1099-NEC	 Beginning with the 2020 tax year, file Form 1099-NEC to report Nonemployee Compensation (NEC) for each person to whom you have paid during the year: At least \$600 in: Services performed by someone who is not your employee (including parts and materials) (box 1); Cash payments for fish (or other aquatic life) you purchase from anyone engaged in the trade or business of catching fish (box 1); or Payments to an attorney (box 1). (See Payments to attorneys, later.)
	any federal income tax (report in box 4) under the backup withholding rules regardless of the amount of the payment.

1099 Helpful Links:

IRS Homepage	https://www.irs.gov
Form 1099-MISC	https://www.irs.gov/pub/irs-pdf/f1099msc.pdf
Form 1099-MISC Instructions	https://www.irs.gov/forms-pubs/about-form-1099-misc
Form 1099-NEC	https://www.irs.gov/pub/irs-pdf/f1099nec.pdf
Form 1099-NEC Instructions	https://www.irs.gov/forms-pubs/about-form-1099-nec
Filing Information Returns Electronically (FIRE)	https://www.irs.gov/e-file-providers/filing-information-returns-electronically-fire
Publication 1220, Specifications for Electronic Filing of Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G	https://www.irs.gov/pub/irs-pdf/p1220.pdf
Publication 15 (2020), (Circular E), Employer's Tax Guide	https://www.irs.gov/publications/p15

Process 1099 Forms

1. Verify District Finance Options.

Finance > Tables > District Finance Options > Finance Options

Tables > District Finance Options	SessionTimer: 238 min and 54 s
Save	
Finance Options Accounting Periods	Clearing Fund Maintenance
Retrieve Print	
Finance Options	
Current Finance Fiscal Year:	1
School Year:	2020-2021
Previous Year File ID:	0
District Federal ID Number:	
Starting Accounting Period:	09

Verify that the following fields contain accurate information:

- Current Finance Fiscal Year
- School Year
- Previous Year File ID Verify that the Previous Year File ID field is not blank. If the field is blank, check transactions cannot be located for the current calendar year in the previous fiscal year. When creating the 1099 work table, only unique transactions are selected from both file IDs
- Starting Accounting Period
- 2. Delete the 1099 work table.

Log on to file ID C.

Finance > Utilities > Create 1099 Work Table

Use this utility to delete 1099 historical data from the tables before creating the new year 1099 work table.

Note: The Finance transactions are not affected when the 1099 work table transactions are deleted.

		Add	Delete
eginning Date:	00-00-0000		+
nding Date:	00-00-0000		

Leave the **Beginning Date** and **Ending Date** fields blank to delete all existing 1099 table data.

Click **Delete**. A message is displayed with the number of rows being deleted from the 1099 work table.

i	1837 rows deleted from 1099 work table.	
9	ОК	

Click **OK** to close the message box.

3. Create the 1099 object codes table.

Finance > Tables > 1099 Object Codes

In file ID C, review all of the object codes that were used when paying 1099-eligible vendors. You can add and/or delete object codes as needed. Generally, 62XX accounts are included.

Tables >	1099 Ob	ject Co	des	
	Save			
		_		
	Retrieve	•	Print	
Delete	Object	Code	Object Description	<u>Type Payment</u>
W	2110			N - Non-employee compensation
W	2112			N - Non-employee compensation
W	2190		DUE TO STUDENT GROUPS	N - Non-employee compensation
W	2191		DUE TO STUDENT GROUPS-ELEM.	N - Non-employee compensation
W	2192		DUE TO STUDENT GROUPS-M.S.	N - Non-employee compensation V
W	2193		DUE TO STUDENT GROUPS-H.S.	N - Non-employee compensation
W	6211		LEGAL SERVICES	N - Non-employee compensation V
W	6212		AUDIT SERVICES	N - Non-employee compensation 💙
Ŵ	6213		TAX APPRAISAL & COLLECTION	N - Non-employee compensation 👻
Ŵ	6219		PROFESSIONAL SERVICES	N - Non-employee compensation
Ŵ	6223	•••	STUDENT TUITION-NON PUBLIC SCH	N - Non-employee compensation
Ŵ	6239		EDUCATION SERVICE CENTER SERVS	N - Non-employee compensation
Ŵ	6249		CONTRACTED MAINTENANCE/REPAIRS	N - Non-employee compensation
Ŵ	6255		WATER, WASTEWTR TRMT/SANITATION	N - Non-employee compensation
1	6259	•••	UTILITIES	N - Non-employee compensation
1	6269		RENTALS - OPERATING LEASES	R - Rents 🗸
1	6291		CONSULTING SERVICES	N - Non-employee compensation
1	6299		MISC.CONTRACTED SERVICES	N - Non-employee compensation
1	6319		SPLYS FOR MAINT & OPER.	N - Non-employee compensation
1	6392	••••	RESERVED FOR FUTURE STATE DEFI	N - Non-employee compensation
1	6399	•••	GENERAL SUPPLIES	N - Non-employee compensation
1	6413	•••	STIPEND,NON-EMPLOYEE	N - Non-employee compensation 👻
1	6499		MISC OPERATING EXPENSES	N - Non-employee compensation 👻
1	6624	•••	BUILDING PURCH, CONSTR OR IMPRV	N - Non-employee compensation 👻
1	6625		BLDG PURCH, CONSTR OR IMPRV-LOC	N - Non-employee compensation 👻
1	6626		BLDG PURCH, CONSTR OR IMPRV-LOC	N - Non-employee compensation
H - 4	1 🗸 /	2 🕨	Refresh Description	(+ Add

Note: If the table is not populated with object codes and type payments, all transactions (regardless of object code) for each 1099-eligible vendor are extracted when the Create 1099 Work Table utility is processed. The table must be completed prior to printing the 1099 forms.

Log on to the prior year file ID.

Ensure that the prior and current year file ID object code tables have the same object codes since the amounts spent from January 1 - August 31 exist in the prior year file ID.

4. Create the 1099 work table.

Finance > Utilities > Create 1099 Work Table

Process this utility to populate the work table from the check transactions. The table populates the Finance > Maintenance > 1099 Record Maintenance page and allows you to modify entries.

The create 1099 work table process uses file ID C and the file ID in the **Previous Year File ID** field on the Finance > Tables > District Finance Options > Finance Options tab for file ID C to determine which file IDs to use. After this utility is processed, if check transactions are identified for a file ID other than C and the **Previous Year File ID** field is blank on the Finance Options tab in file ID C, a warning message asking for confirmation to continue is displayed. Click **Yes** to continue (only file ID C is processed).

lies > create 1099 work	Table		
1.52		Add	Delete
Beginning Date:	01-01-20XX		
Ending Date:	12-31-20XX		

Type a **Beginning** and **Ending Date** range.

Click **Add** to create a 1099 work table. A message is displayed with the number of rows being added to the 1099 work table.

i	1471 rows added to 1099 work table.	
~	ОК	

Click **OK** to close the message box.

5. Generate the 1099 report.

Finance > Finance Reports > Vendor/Purchase Order Reports > FIN2050 - 1099 Report

Generate this report to review the vendors and transactions for accuracy. **It is recommended** to sort the report by the Employer Identification Number (EIN)/Social Security Number (SSN). This sorting option allows those vendors without an EIN/SSN to be displayed at the beginning of the report. A 1099 form is not generated for vendors without an EIN/SSN.

Return to Reports		
eport ID: FIN2050 le ID: C		
ser ID: urr Per:		
ext Per:		_ *
Parameter Description	Value	Run Preview
ort by Alpha (A), EIN/SSN (N)	N	Clear Option
Print Account Nbr (A), Reason (R)	A	
nclude EIN/SSN on Report? (Y/N)	Υ	
or Tax Year > 2019, Print 1099-MISC (M) or 1099-NEC (N) or blank	for all	
From Date (MMDDYYYY), or blank for ALL		
o Date (MMDDYYYY), or blank for ALL		
select Vendor(s), or blank for ALL		

Notes:

The 1099-MISC (M) form prints the sum of all transactions (if at least \$600) in the 1099 work file except those tied to an object code with a **Type Payment** of *N* - *Non-employee compensation* on the Finance > Tables > 1099 Object Codes page.

The 1099-NEC (N) form prints the sum of all transactions (if at least \$600, excluding credit card transactions) in the 1099 work file that are tied to an object code with a **Type Payment** of *N* - *Non-employee compensation* on the Finance > Tables > 1099 Object Codes page.

If a vendor is not displayed on the report and should be, verify the following:

- The EIN or SSN is populated and the **1099 Eligible** field is selected on the Finance > Maintenance > Vendor Information > Vendor Name/Address tab.
- $\circ\,$ The object code used to pay the vendor exists in the object codes table in both the current and prior year file IDs.

If 1099 transactions exist for objects that you do not want to be included in the 1099s, update the 1099 object code table. If you remove a code from the Finance > Tables > 1099 Object Codes page, it is not included on the 1099 form or the 1099 file, but it is displayed on the 1099 Report without a payment type description.

Transactions can be deleted and added by running the Create 1099 Work Table utility again or manually deleting and adding transactions on the Finance > Maintenance > 1099 Record Maintenance page. If you delete a transaction from a vendor and the Create 1099 Work Table utility is processed again, delete the transaction on the Finance > Maintenance > 1099 Record Maintenance tab.

If the student activity check transactions are not maintained in TxEIS, you must manually enter the information on the Finance > Maintenance > 1099 Record Maintenance page.

6. Perform 1099 record maintenance.

Finance > Maintenance > 1099 Record Maintenance

Perform any necessary updates to the payment information in the 1099 work file. You can verify, add, delete, or update check transactions for each vendor to ensure the accuracy of the vendor 1099 records.

Only transactions that occurred in 2020 with object codes from the 1099 object codes table are displayed.

Be sure to delete any transactions that should not be reported (e.g., reimbursements).

Reminder: Any items added or deleted will revert back to the original state if any extract is performed.

tenance > 1099	Record Maintenanc	11 <u>-</u>							Season miner.	and the strength of the second
Save	1									
endor Informatio	on									
ndor: 05692	: AMERICAS BUSINE	SS LEADERS	/ JUAREZ, ROY	R.JR. At	ttn:				Retrieve	Direct
atus: Active	Doing B	US AS: AME	RICA'S RUSINES	SS LEADERS 8	TIMBER GLEN					
W/SSN: 321-46-	-3226									
lete Detail	File ID Acct Per	Check Typ	e Check Nbr	Check Dat	e Account C	ode	Net Expend Amt		Reason	
9	C 10	C	102369	10-28-201	161-36-6219.40-044-	91000	105.00	SCOBEE VS	RESNIK MS FOOT	BALL
8	C 10	C	101858	10-06-201	161-36-6219.40-045	91000	105.00	RESNIK VS M	MATTHEY FOOTB/	ALL
11 ×	C 11	C	102551	11-04-201	161-36-6219.40-045-	91000	150.00	RESNIK VS B	BRENTWOOD FOO	OTBALL
						Totak	360.00			
						Total:	360.00		+	Add
						Total:	360.00		+ ,	Add
D: C Acct Pers	: 10					Total:	360.00		+ (Add
D: C Acct Per: heck Type:	: 10 C Computer check		Αετου	int Code:	161-36-6219.40-044-79	Total:	360.00		+ ,	Add
D: C Acct Per: heck Type: heck Date:	: 10 C Computer check 10-28-201X		Accou	int Code:	161-36-6219.40-044-79 PROFESSIONAL SERVICE	Total: 11000	360.00		+	Add
D: C Acct Per heck Type: heck Date: heck Number:	: 10 C Computer check 10-28-201X 102369		Accou Descri Invoic	int Code: iption: :e Number:	161-36-6219.40-044-79 PROFESSIONAL SERVICE SCOBEE V RESNIK	Total: 1000	360.00		+ (Add
ID: C Acct Per: heck Type: heck Date: heck Number: let Exp Amt:	: 10 C Computer check 10-28-201X 102369	· · ·	Accou Descri Invoic Invoic	int Code: iption: :e Number: :e Date:	161-36-6219.40-044-79 PROFESSIONAL SERVICE SCOBEE V RESNIK 10-06-201X	Total: 1000	360.00		+ ,	Add
ID: C Acct Per: heck Type: heck Date: heck Number: let Exp Amt: O Type:	: 10 C Computer check 10-28-201X 102369 A - Payment Autho	• • • • • • • • • • • • • • • • • • •	Accou Descri Invoic Invoic Transa	int Code: iption: :e Number: :e Date: action Date:	161-36-6219.40-044-79 PROFESSIONAL SERVICE SCOBEE V RESNIK 10-06-201X 10-27-201X	Total: 1000	360.00		+ .	<u>Add</u>
ID: C Acct Per heck Type: heck Date: heck Number: let Exp Amt: O Type: O Number:	: 10 C Computer check 10-28-201X 102369 A - Payment Author 102716	105.00 prizer T	Accou Descri Invoic Invoic Trans	int Code: iption: te Number: te Date: action Date: on;	161-36-6219.40-044-79 PROFESSIONAL SERVICE SCOBEE V RESNIK 10-06-201X 10-27-201X SCOBEE VS RESNIK MS	Total: 1000 :S POOTBALL	360.00		+ .	<u>Add</u>

7. Verify the 1099 report.

Finance > Finance Reports > Vendor/Purchase Order Reports > FIN2050 - 1099 Report

Reports > Finance Reports > Vendor/Purchase Order Reports > 1099 Report	t	
Return to Reports Report ID: FIN2050 File ID: C User ID: Curr Per: Next Per:		ţ
Parameter Description	Value	Due Draview
Sort by Alpha (A), EIN/SSN (N)	N	Clear Options
Print Account Nbr (A), Reason (R)	A	
Include EIN/SSN on Report? (Y/N)	Υ	
For Tax Year > 2019, Print 1099-MISC (M) or 1099-NEC (N) or blank for all		
From Date (MMDDYYYY), or blank for ALL		
To Date (MMDDYYYY), or blank for ALL		
Select Vendor(s), or blank for ALL		

Generate this report again and continue reviewing vendors and transactions for accuracy.

If any vendors and/or transactions are missing, you can manually enter any exceptions on the Finance > Maintenance > 1099 Record Maintenance page, or make the corrections on the Finance > Maintenance > Vendor Name/Address tab and the Finance > Tables > 1099 Object Codes page (if extracting transactions again).

8. Print the 1099 forms.

Finance > Reports > Finance Reports > Vendor/Purchase Order Reports > FIN2100 - 1099 Forms

Return to Reports		
eport ID: FIN2100 le ID: C ser ID: urr Per: ext Per:		1
Parameter Description	Value	
ort by Alpha (A), EIN/SSN (N), Zip Code (Z)	A	Clear Options
Print 1099 Form only (1), 1099 form including 1099 file (2), Non-preprinted Copy B and C (3)	2	
fax Year (####)	2020	
or Tax Year > 2019, Print 1099-MISC (M) or 1099-NEC (N)	M	
Control Name (4 char, only required for 1099 file)	MVB1	
Contact Name (40 char, only required for 1099 file)	Steve Jones	
Control Code (5 char for 1099 file)	33333	
elect Vendor(s) or blank for all		

Generate this report after all of the necessary information is verified

If more than 250 1099 forms are generated, you are required to create a 1099 file for electronic submission to the IRS. This requirement applies separately to each type of form.

All LEAs should run this report using options 2 and 3 in the **Print 1099 Form only (1), 1099 form including 1099 file (2), Non-preprinted Copy B and C (3)** parameter. The following parameters are required when generating the report with option 2 (1099 form including 1099 file):

- Control Name (4 char, only required for 1099 file)
- Contact Name (40 char, only required for 1099 file)
- Control Code (5 char for 1099 file)

9. File 1099 forms.

Use the IRS Filing Information Returns Electronically (FIRE) system to file electronically.

Click here for more information about electronic filing.

If filing by paper, mail all Copy A forms along with a 1096 Form. The submission must be postmarked and mailed to the IRS generally by January 31st. Refer to the IRS website for the exact reporting deadline dates.