Office of Financial Management
Better information. Better decisions. Better government. Better Washington.

1099 CORRECTIONS

TYPE 1 & 2

1099 ADDITIONS

Last Updated October 2023

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Correcting Information Returns Overview

If you filed an Information Return with the IRS and later discover you have made an error on it, you must:

- Correct it as soon as possible
- Furnish statements to recipients showing the correction
- File the correction with the IRS

The steps required to correct an error depend upon the type of error.

Type 1 Error

Only requires 1 return to make a correction: CORR(G). Also referred to as a *1-Transaction* error, Type 1 Errors include:

- Incorrect money amounts
- Incorrect distribution code(s)
- Incorrect check boxes
- A return was filed when one should not have been filed.

Type 2 Error

Requires 2 returns to make the correction.

1. Identifying return CORR(G) original return with dollar amount as zero
2. Correcting return CORR(C) correct/replacement return

Also referred to as a *2-Transaction* error, Type 2 Errors include:

- No payee TIN (SSN, EIN, QI-EIN, ITIN)
- Incorrect payee TIN
- Incorrect payee name
- Wrong type of return was filed

  (Effective reporting year 2019, payee address changes no longer require a correcting return to the IRS. Simply print and mail the return to the new payee address without making changes in Account Ability and without checking the printed flag)

Payer Information Error

If you discover an error in reporting the **payer** (not recipient) name and/or TIN, you must:

1. **NOTE**: Please contact OFM Help Desk at HereToHelp@ofm.wa.gov first. You will need the Transmitter Control Code (TCC) we used to transmit your original information returns.

2. Write a letter to IRS/IRB containing the following information:
   - The name and address of the payer
   - Type of error (including the incorrect payer name/TIN that was reported)
   - Tax year
   - Payer TIN
   - Transmitter Control Code (TCC), if applicable
   - Type of return
   - Number of payees
   - Filing method (paper, electronic)
   - Was Federal income tax withheld?

Send the letter to:

Internal Revenue Service
Information Returns Branch
230 Murall Drive, Mail Stop 4360
Kearneysville, WV 25430

IRS will contact you with further instructions

Correcting Error Type 1 – CORR (G)

Also referred to as a *1-Transaction* error, Type 1 Errors include:

- Incorrect money amounts
- Incorrect distribution code(s)
- Incorrect check boxes
- A return was filed when one should not have been filed.

  (Effective reporting year 2019, payee address changes no longer require a correcting return to the IRS. Simply print and mail the return to the new payee address without making changes in Account Ability and without checking the printed flag)

1-Transaction errors require only one return to make the correction. Account Ability uses the CORR(G) check box to indicate a 1-Transaction correction

1. Email OFM that you have 1099-NEC or 1099-MISC Reporting Correction~~s~~

   If you have 1099 corrections to process, email the OFM Help Desk at HereToHelp@ofm.wa.gov.

   Please use the following email template to submit your 1099 corrections request. Please enter your agency code in place of AGY CODE. Please enter your agency name in place of AGY NAME.

Please enter in the **Subject** line of the email	**AGY CODE – AGY NAME** Needs Correction Client 20XX
Please enter in the **Body** of the email	Please create a Correction Client 20XX for **AGY CODE – AGY NAME**. 1.) Our Agency has 1099-NEC corrections to process for 20XX's information returns. OR 2.) Our Agency has 1099-MISC corrections to process for 20XX's information returns.

   OFM Help Desk will create a service request number and you will be notified. Please use this service number to communicate with OFM IT any questions relating to the specific 1099 correction(s).

1099 Reporting (Account Ability) Correcting Error Type 1 CORR(G)

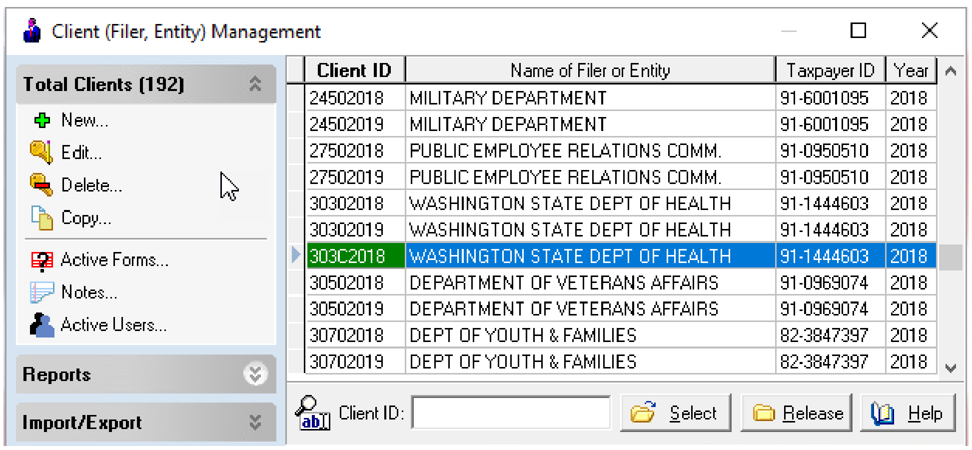
OFM IT creates a Correction Client in Account Ability that will allow your agency to make 1099 corrections.

Account Ability maintains each filer's corrected returns under a <u>distinct</u> Client ID. When the **Corrected Returns Only** indicator, located on the **General** page of the client's master, is checked, the client is regarded as a *Correction Client* and all of the client's Information Returns are regarded as correction returns. The CORR(G) and CORR(C) check boxes appearing at the top of each Information Return's user interface will be enabled if, and only if, the client is a *Correction Client*.

2. OFM IT will create a Correction Client in Account Ability & communicate to the requesting agency the Correction Client ID created. Agency will then be able to make corrections in the Correction Client.

   The Correction Client that OFM IT created will be used for all of the selected client's correction returns for that reporting year.

   NOTE: Account Ability displays the Correction Client's ID in **green**.



OFM IT will create the Correction Client ID using the 4th digit of the existing 8-characters Client ID format to designate the Correction Client for specific tax reporting calendar year. For example, the current Client ID is as follow for the Department of Corrections (DOC): 310**C**20XX

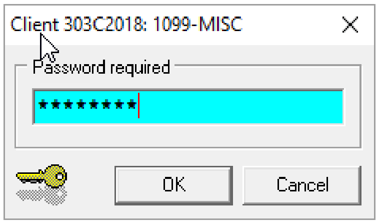
"310" is DOC agency code
"0" is DOC agency suffix code

"20XX" is the tax reporting calendar year.
Your Correction Client would be created as 310**C**20XX.

1099 Reporting (Account Ability) Correcting Error Type 1 CORR(G)

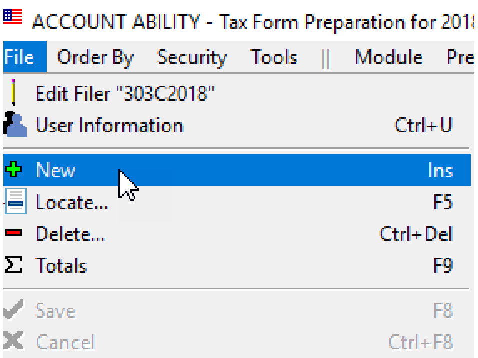
3. Agency Open the Returns to be corrected

    a) Double-click the **Correction Client's** ID
    b) Open the Information Return to be corrected (1099-NEC or 1099-MISC) & input agency forms password.

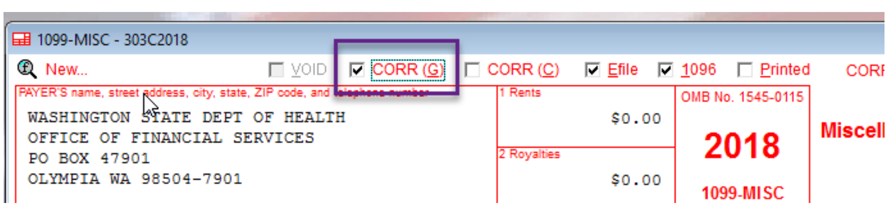


4. Agency enters Corrections

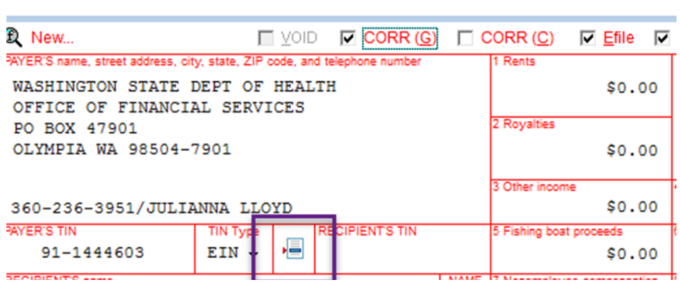
    a) Select **New** from the **File** menu



    b) Check the **CORR(G)** check box

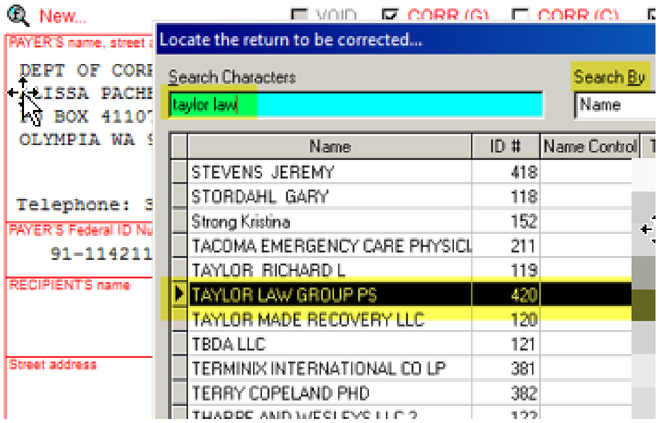


    c) Click the **Locator** icon displayed directly after the **TIN Type** field in order to locate the return to be corrected.

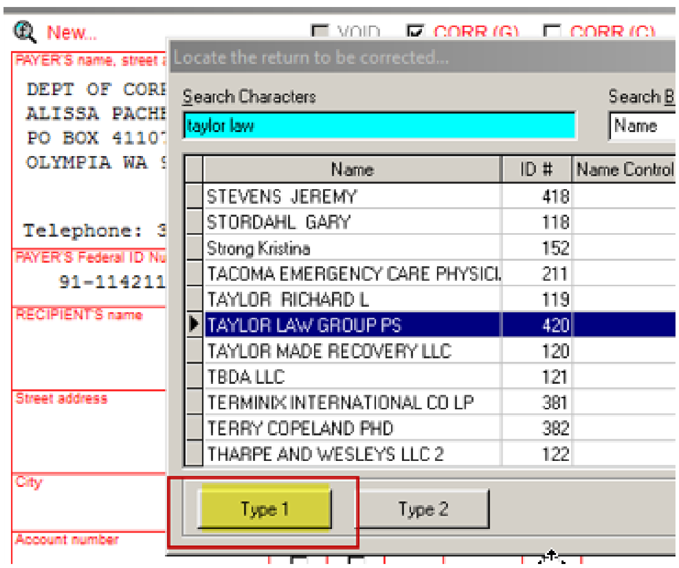


1099 Reporting (Account Ability) Correcting Error Type 1 CORR(G)

d) Enter the search information in the **Search Characters** field.



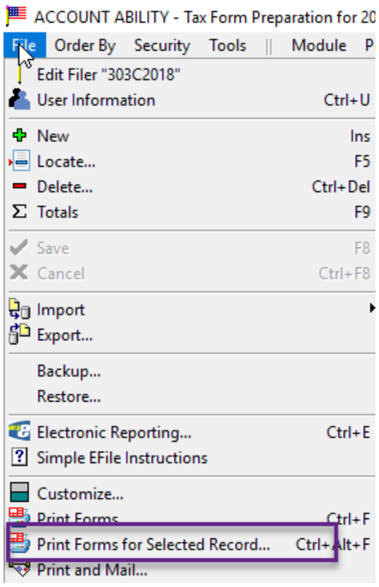
e) After locating the return, click the **Type 1** button.



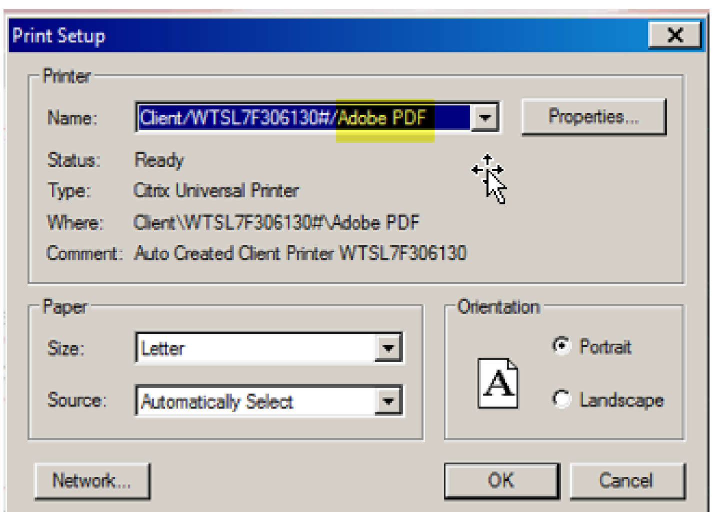
f) Once the **Type 1** is clicked, the original return is displayed with the **CORR(G)** indicator checked. Simply enter and save your corrections.

1099 Reporting (Account Ability) Correcting Error Type 1 CORR(G)

5. After all corrections have been entered, print and mail all recipient copies
   a) Select "**Print Forms for Selected Record…**" from the **File** menu.

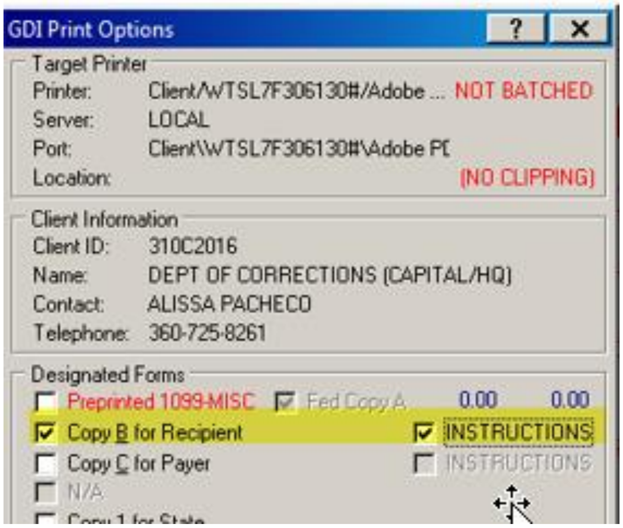


   b) Choose PDF & click **OK**



1099 Reporting (Account Ability) Correcting Error Type 1 CORR(G)

c) **Check** the “Copy B for Recipient” & “INSTRUCTIONS” boxes & click **print**.



6. Notify OFM IT of Corrections made in Account Ability

   Use the service request ticket that OFM Help Desk created and notify OFM IT of Corrections completed in Account Ability.

7. OFM IT will electronically file your 1099 corrections

   OFM IT will append the CORR(G) transactions to the IRSTAX file. The resultant IRSTAX file should be transmitted to the IRS FIRE System as a **Correction** file.

8. OFM IT will notify you when the file has successfully been e-filed then lock the correction client in Account Ability.

Correcting Error Type 2 – CORR (C)

Also referred to as a *2-Transaction* error, Type 2 Errors include:

- No payee TIN (SSN, EIN, QI-EIN, ITIN)
- Incorrect payee TIN
- Incorrect payee name
- Wrong type of return was filed

(Effective reporting year 2019, payee address changes no longer require a correcting return to the IRS. Simply print and mail the return to the new payee address without making changes in Account Ability and without checking the printed flag)

2-Transaction errors require two returns to make the correction, an IDENTIFYING return and a CORRECTING return. Account Ability uses the CORR(G) and CORR(C) check boxes to indicate the IDENTIFYING and CORRECTING returns, respectively. The IDENTIFYING transaction is simply the original return with the CORR(G) indicator checked and all dollar amounts set to ZERO. When IRS receives the IDENTIFYING and CORRECTING returns, the original is matched against the IDENTIFYING return and replaced with the CORRECTING return.

1. Email OFM that you have 1099-NEC or 1099-MISC Reporting Correction

   If you have 1099 corrections to process, email the OFM Help Desk at HereToHelp@ofm.wa.gov.

   Please use the following email template to submit your 1099 corrections request.
   Please enter your agency code in place of AGY CODE. Please enter your agency name in place of AGY NAME.

Please enter in the **Subject** line of the email	**AGY CODE – AGY NAME** Needs Correction Client 20XX
Please enter in the **Body** of the email	Please create a Correction Client 20XX for **AGY CODE – AGY NAME**. 1.) Our Agency has 1099-NEC corrections to process for 20XX's information returns. OR 2.) Our Agency has 1099-MISC corrections to process for 20XX's information returns.

1099 Reporting (Account Ability) Correcting Error Type 2 CORR(C)

OFM Help Desk will create a service request number and you will be notified. Please use this service number to communicate with OFM IT any questions relating to the specific 1099 correction(s).

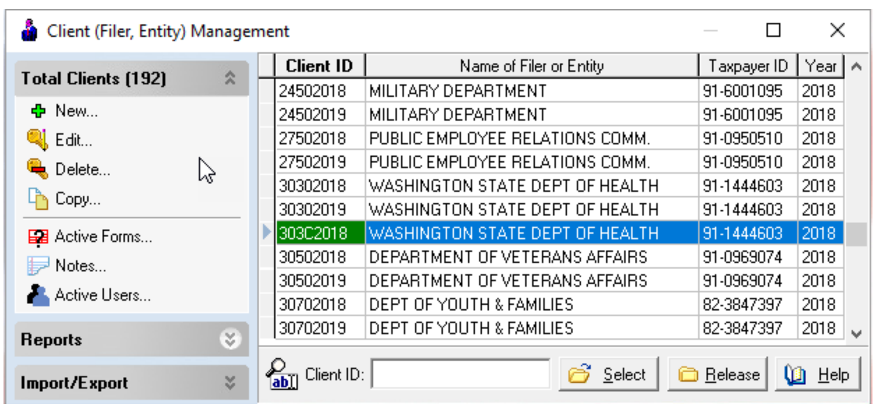
OFM IT creates a Correction Client in Account Ability that will allow your agency to make 1099 corrections.

Account Ability maintains each filer's corrected returns under a distinct Client ID. When the **Corrected Returns Only** indicator, located on the **General** page of the client's master, is checked, the client is regarded as a *Correction Client* and all of the client's Information Returns are regarded as correction returns. The CORR(G) and CORR(C) check boxes appearing at the top of each Information Return's user interface will be enabled if, and only if, the client is a *Correction Client*.

2. OFM IT will create a Correction Client in Account Ability & communicate to the requesting agency the Correction Client ID created. Agency will then be able to make corrections in the Correction Client.

   The Correction Client that OFM IT created will be used for all of the selected client's correction returns for that reporting year.

   NOTE: Account Ability displays the Correction Client's ID in green.



   OFM IT will create the Correction Client ID using the 4th digit of the existing 8-characters Client ID format to designate the Correction Client for specific tax reporting calendar year. For example, the current Client ID is as follow for the Department of Corrections (DOC): 310**C**20XX

   "310" is DOC agency code
   "0" is DOC agency suffix code

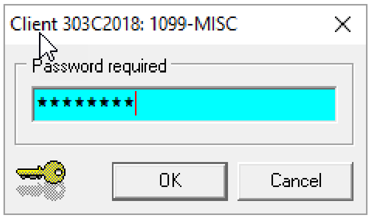
   "20XX" is the tax reporting calendar year.
   Your Correction Client would be created as 310**C**20XX.

1099 Reporting (Account Ability) Correcting Error Type 2 CORR(C)

3. Agency Open the Returns to be corrected

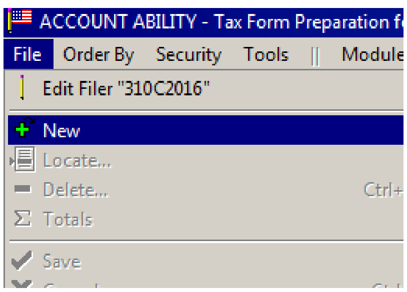
   a) Double-click the Correction Client's ID

   b) Open the Information Return to be corrected & input agency forms password.

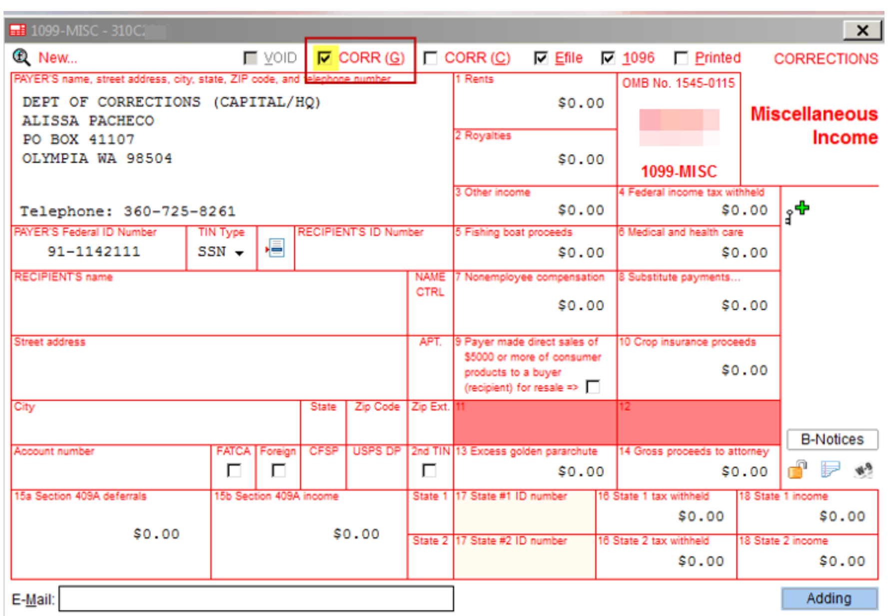


4. Agency Enter your Corrections

   a) Select New... from the **File** menu

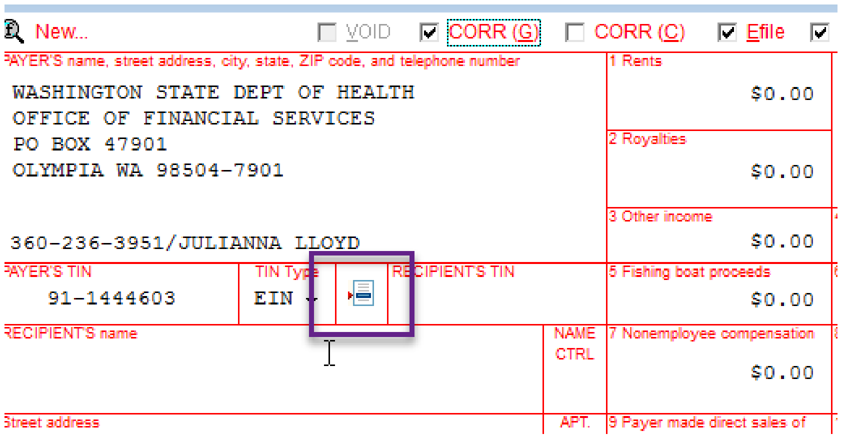


   b) Check the **CORR(G)** check box

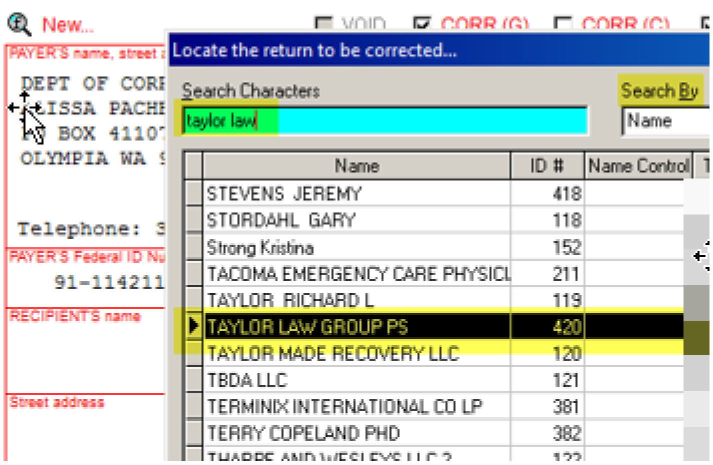


1099 Reporting (Account Ability) Correcting Error Type 2 CORR(C)

c) Click the **Locator** icon displayed directly after the **TIN Type** field in order to locate the return to be corrected

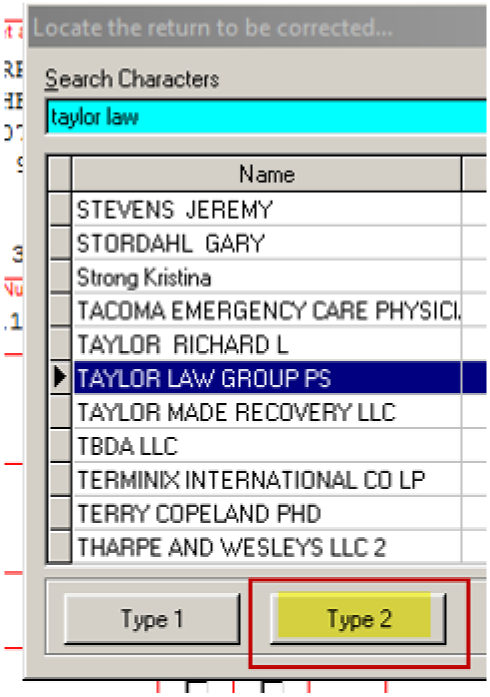


d) Enter the search information in the **Search Characters** field

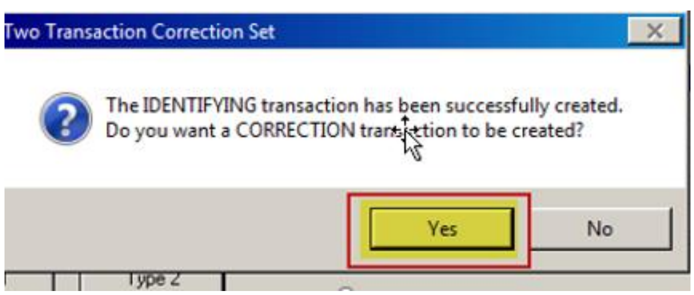


1099 Reporting (Account Ability) Correcting Error Type 2 CORR(C)

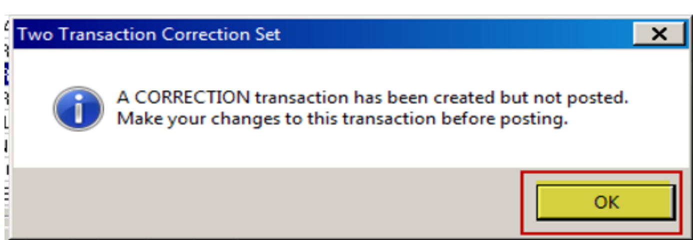
e) After locating the return, click the Type 2 button. When **Type 2** is selected, the **IDENTIFYING transaction CORR(G)** is created.



d) Click Yes to create the CORRECTION transaction **CORR(C)**

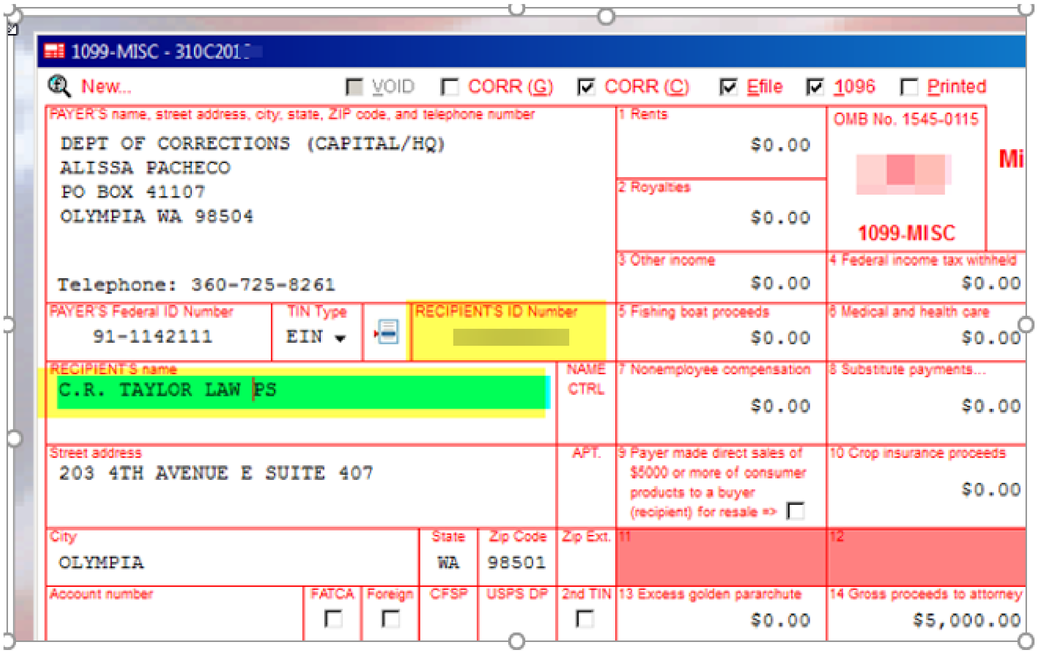


g) A **CORRECTING transaction CORR(C)** is created but not posted, click OK

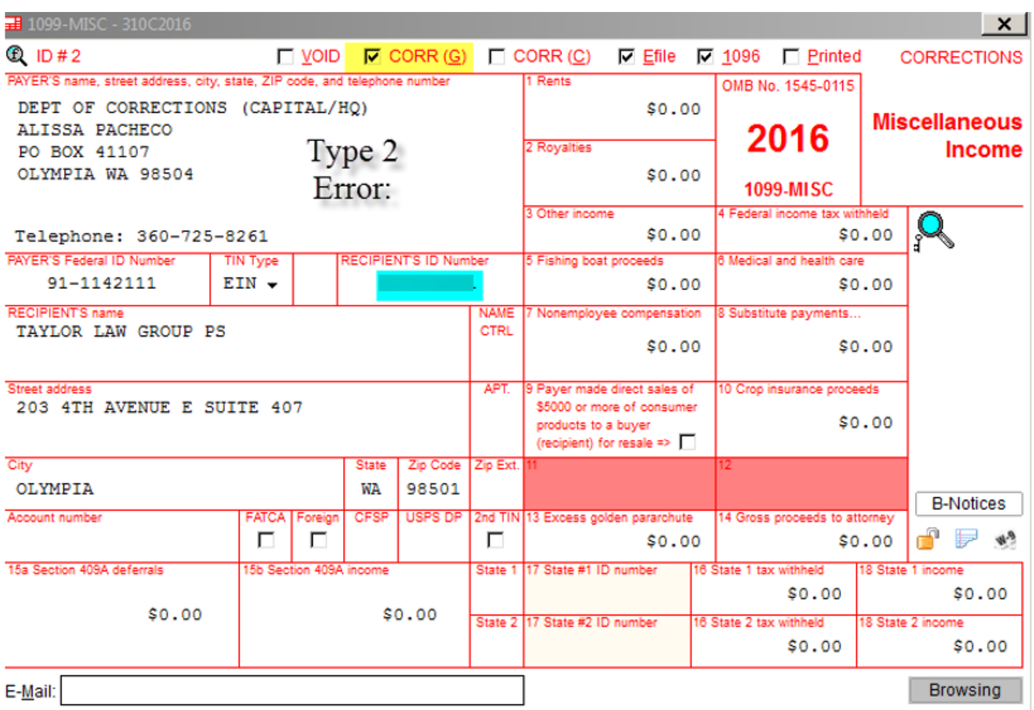


1099 Reporting (Account Ability) Correcting Error Type 2 CORR(C)

h) Enter and save your changes on the **CORRECTING CORR(C)** transaction

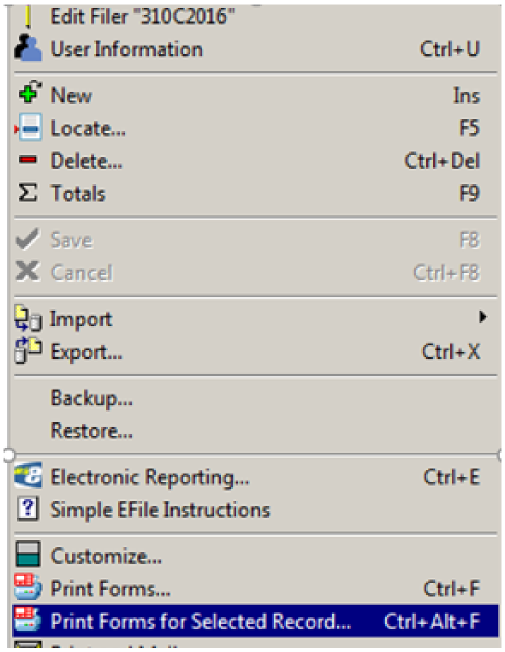


The IDENTIFYING transaction is simply the original return with the **CORR(G)** indicator checked and all dollar amounts set to ZERO.

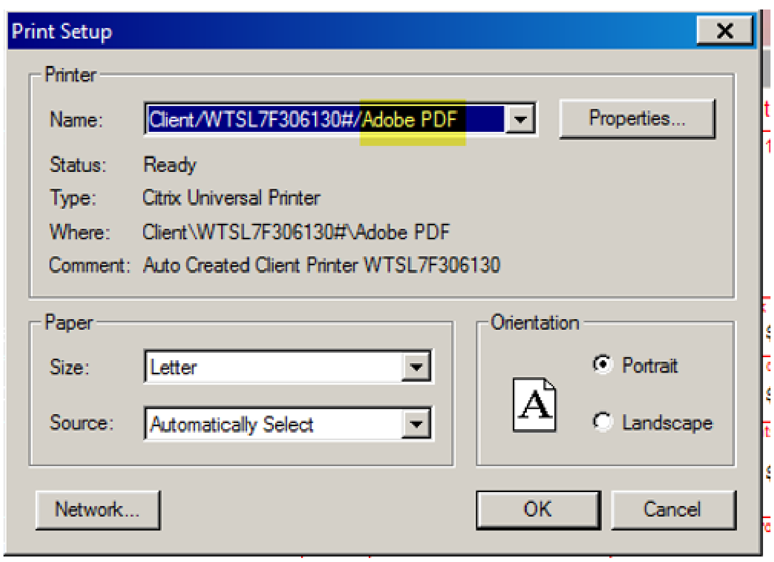


1099 Reporting (Account Ability) Correcting Error Type 2 CORR(C)

5. After all corrections have been entered, print and mail all recipient copies.
    a) Select "**Print Forms for Selected Record…**" from the **File** menu.

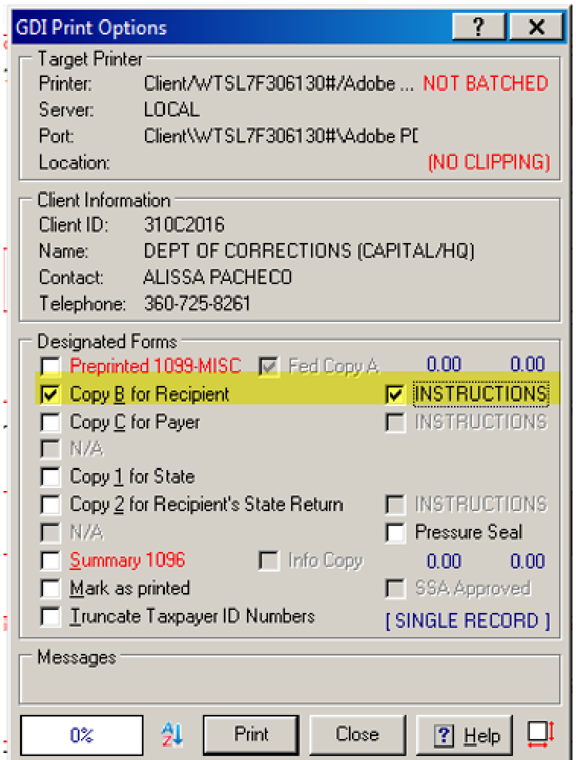


    b) Choose PDF & click **OK**



1099 Reporting (Account Ability) Correcting Error Type 2 CORR(C)

c) **Check** the “Copy B for Recipient” & “INSTRUCTIONS” boxes & click **print**.



1099 Reporting (Account Ability) Correcting Error Type 2 CORR(C)

Vendor A

☒ CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. DEPT OF CORRECTIONS (CAPITAL/HQ) ALISSA PACHECO PO BOX 41107 OLYMPIA WA 98504 Telephone: 360-725-8261	1 Rents $ 0.00 2 Royalties $ 0.00	OMB No. 1545-0115 2016 Form 1099-MISC	Miscellaneous Income
	3 Other income $ 0.00	4 Federal income tax withheld $ 0.00	Copy B For Recipient
PAYER'S Federal identification number: 91-1142111 RECIPIENT'S identification number:	5 Fishing boat proceeds $ 0.00	6 Medical and health care payments $ 0.00	
RECIPIENT'S name, street address, city or town, state or province, country, and ZIP or foreign postal code TAYLOR LAW GROUP PS 203 4TH AVENUE E SUITE 407 OLYMPIA WA 98501	7 Nonemployee compensation $ 0.00	8 Substitute payments in lieu of dividends or interest $ 0.00	This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
	9 Payer made direct sales of $5,000 or more of consumer products to a buyer (recipient) for resale ► ☐	10 Crop insurance proceeds $ 0.00	
	11	12	
Account number (see instructions) FATCA filing requirement ☐	13 Excess golden parachute payments $ 0.00	14 Gross proceeds paid to an attorney $ 0.00	
15a Section 409A deferrals $ 0.00 15b Section 409A income $ 0.00	16 State tax withheld $ 0.00 $ 0.00	17 State/Payer's state no.	18 State income $ 0.00 $ 0.00

Form 1099-MISC Department of the Treasury - Internal Revenue Service

☐ CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. DEPT OF CORRECTIONS (CAPITAL/HQ) ALISSA PACHECO PO BOX 41107 OLYMPIA WA 98504 Telephone: 360-725-8261	1 Rents $ 2 Royalties $	OMB No. 1545-0115 2016 Form 1099-MISC	Miscellaneous Income
	3 Other income $	4 Federal income tax withheld $	Copy B For Recipient
PAYER'S Federal identification number: 91-1142111 RECIPIENT'S identification number:	5 Fishing boat proceeds $	6 Medical and health care payments $	
RECIPIENT'S name, street address, city or town, state or province, country, and ZIP or foreign postal code C.R. TAYLOR LAW PS 203 4TH AVENUE E SUITE 407 OLYMPIA WA 98501	7 Nonemployee compensation $	8 Substitute payments in lieu of dividends or interest $	This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
	9 Payer made direct sales of $5,000 or more of consumer products to a buyer (recipient) for resale ► ☐	10 Crop insurance proceeds $	
	11	12	
Account number (see instructions) FATCA filing requirement ☐	13 Excess golden parachute payments $	14 Gross proceeds paid to an attorney $ 5000.00	
15a Section 409A deferrals $ 15b Section 409A income $	16 State tax withheld $ $	17 State/Payer's state no.	18 State income $ $

Form 1099-MISC Department of the Treasury - Internal Revenue Service

1099 Reporting (Account Ability) Correcting Error Type 2 CORR(C)

6. Notify OFM IT of Corrections made in Account Ability

   Use the service request ticket that OFM Help Desk created and notify OFM IT of Corrections completed in Account Ability.

7. OFM IT will electronically file your 1099 corrections

   OFM IT will append the CORR(G) and CORR(C) transactions to the IRSTAX file in two steps - first the CORR(G) transactions, next the CORR(C) transactions. The IRSTAX file should be transmitted to the IRS FIRE System as a **Correction** file.

8. OFM IT will notify you when the file has successfully been e-filed then lock the correction client in Account Ability.

Add Additional 1099 not included in original E-Filing

1. If you have additional 1099 forms to add, email OFM Help Desk at HereToHelp@ofm.wa.gov.

   Please use the following email template to submit your 1099 additions request. Please enter your agency code in place of AGY CODE. Please enter your agency name in place of AGY NAME.

Please enter in the **Subject** line of the email	**AGY CODE – AGY NAME** Needs to add additional 1099-NEC or 1099-MISC to 20XX Client
Please enter in the **Body** of the email	Please unlock AA20XX_PR Client for **AGY CODE – AGY NAME** to add additional 1099 form. 1.) Our Agency has missed reporting 1099-NEC form(s) in our original filing. OR 2.) Our Agency has missed reporting 1099-MISC form(s) in our original filing.

   OFM Help Desk will create a service request number and notify you of the service request number. Please use this service number to communicate with OFM IT any questions relating to the specific 1099 additions.

2. OFM IT will **unlock** the client in Account Ability & notify the requesting agency that it is available.

   Note: *OFM IT **set** e-file indicators. When the e-file indicator is checked, this client is ready to be included in the next e-file*

   Note: *OFM IT **clear** print indicators. When the printed flag is unchecked, this allows the agency to print the selected 1099 form(s).*

3. Agency add/print/mail the additional 1099 form(s)
   a) **New** - When you are adding a “New” 1099 form(s), the Efile and 1096 indicators default as checked. Please ensure that these two indicators stay checked. The checkmark for the Efile and 1096 indicator is a flag for OFM IT to include the returns in the next e-file.

   b) **TIN Type –** Please ensure that you have selected the correct TIN type

1099 Reporting (Account Ability) Adding Additional 1099 not included in Original E-file

c) **Recipient's ID Number** – Please ensure that you have nine digits information in this field

d) **Name Line 1** – In Account Ability, enter the Last Name first and then First Name. *For example, if the recipient name is Mary Smith, enter in Account Ability as Smith Mary.*

e) **Address Line 1** – Ensure that you enter an address in Address Line 1

f) Enter amount in correct IRS box

g) **Click Save [F8]** – when you see a pencil, Account Ability is indicating that you need to save the changes. Click on the green checkmark to save any changes.

h) **Print Forms for Selected Record** - please always PDF print, save the PDF to your local secure folder, and print the PDF from that secure folder. If you do not have Adobe PDF or CutePDF, please contact your Agency IT for assistance.
If you received the following error upon selecting Print Forms for Selected Record, you will need to clear the Printed flag and try again.

4. Agency Notify OFM IT of Additions made in Account Ability

   When you have added all the additional 1099 forms, please use the service request assigned to your request to notify OFM IT that you have completed your additions.

5. OFM IT will electronically file Agency's 1099 additions in the next scheduled e-filing.

6. OFM IT will notify you when the file has successfully been e-filed then lock the client in Account Ability.