1. To change your speaker, microphone, or camera settings, select **More actions (...) > Device settings** in the control bar
   - Test your audio to ensure that it is working correctly
2. Use **Show conversation** to open the Meeting chat panel
   - You can use Meeting chat to ask questions or respond
3. Please mute your microphone (toggle the microphone button) when not speaking
You will be participating in an event where video and audio recording may occur.
AGENDA

Welcome Information
Roll Call and Introductions
What is 1099 Reporting Training?
Learning Objectives/Other Topics of Interest?
What’s New for 2021?
Lessons and Demonstrations
1099 Reporting Considerations
Help and Resources
WE ARE HAPPY YOU’RE HERE!

This class is being recorded
Breaks
Chat feature and raising hands
Same content as the in-person class
1099 reporting process demo available
In case we get disconnected...
Handouts
Evaluations
INTRODUCTIONS

Name?
Agency?
Location?
WHAT IS 1099 REPORTING TRAINING?

Addressing topics that result in frequent calls to the Help Desk
Covering topics that are common when first working with the 1099 reporting process
Explaining the need for the 1099-NEC and 1099-MISC forms
Addressing your questions

Who is new to the 1099 Reporting process?
Who has taken the 1099 Misc. and NEC Form Data Analysis online course?
LEARNING OBJECTIVES

Understand OFM and the agencies’ roles for 1099s
Understand the due dates and activities for this year’s forms
Understand which expenditures go in which boxes
Understand the 1099 terminology
Understand the TIN matching process
Understand the need for proper data analysis
Understand the tools available for 1099 reporting:
  • ER Web Intelligence – data download application
  • Account Ability – 1099 reporting
How to import data to the 1099-NEC and 1099-MISC forms

Important topics include a paired demonstration in a QA environment
OTHER TOPICS OF INTEREST?
Effective reporting year 2020, monies paid to vendors for Non-Employee Compensation are required to be reported on the 1099-NEC form

All other monies paid to vendors are required to be reported on the 1099-MISC form

1099 Processing Calendar changes:

• Agencies now have until March 18, 2022 to finalize all updates into Account Ability for the 1099-MISC forms

You will need to conduct the 1099 Reporting process twice for each form!
WHAT IS THE 1099-NEC?

File Form 1099-NEC for each person to whom you have paid the following during the year:

- At least $600 in:
  1. Services performed by someone who is not your employee (including parts and materials);
  2. Cash payments for fish (or other aquatic life) you purchase from anyone engaged in the trade or business of catching fish; or
  3. Payments to an attorney.

You must also file Form 1099-NEC for each person from whom you have withheld any federal income tax under the backup withholding rules regardless of the amount of the payment.
WHAT IS THE 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.
  - Prizes and awards.
  - Other income payments.
  - Medical and health care payments.
  - Crop insurance proceeds.
  - Fishing boat proceeds.
  - Generally, the cash paid from a notional principal contract to an individual, partnership, or estate.
  - Gross proceeds paid to attorneys.

In addition, use Form 1099-MISC to report that you made direct sales of at least $5,000 of consumer products to a buyer for resale anywhere other than a permanent retail establishment.
This training focuses on this part of the process:

1. Do you need to report 1099s?
2. Run WebI reports
3. Analyze the data
4. Extract the data and put into Account Ability
5. DES prints and mails the forms
6. Correction period
7. 1099 data delivered to the IRS
**OFM AND AGENCY ROLES**

**OFM Responsibilities**
- Maintenance of processes to support the agencies in the preparation of the 1099 forms
- Initial printing and mailing of the 1099 forms to recipients by DES
- TIN matching of recipient’s information on the 1099 forms with the IRS database
- Timely transmission of the 1099 information to the IRS

**Agencies’ Responsibilities**
- Accurate and timely preparation of the 1099 forms
- Accuracy of the 1099 data imported into Account Ability
- Printing and mailing of corrected 1099 forms to recipients
- Accuracy of 1099 data transmitted to IRS
# DUE DATES & ACTIVITIES

<table>
<thead>
<tr>
<th>Activity</th>
<th>Deadline/Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review and correct monthly 1099 records</td>
<td>Throughout the calendar year, beginning April 1</td>
</tr>
<tr>
<td>Agencies can begin loading their 1099 data into Account Ability</td>
<td></td>
</tr>
<tr>
<td>Review 1099 Agency Profiles for accuracy before 1099’s are printed</td>
<td>When access to new year Account Ability is available</td>
</tr>
<tr>
<td>• The 1099 forms will only display the phone number</td>
<td></td>
</tr>
<tr>
<td>• Names and extensions will not be shown</td>
<td></td>
</tr>
<tr>
<td>Notify OFM of any discrepancy: <a href="mailto:HereToHelp@ofm.wa.gov">HereToHelp@ofm.wa.gov</a></td>
<td></td>
</tr>
<tr>
<td>Current Reporting Year 1099 forms are available in Account Ability</td>
<td>December 2021</td>
</tr>
<tr>
<td>The tax year reporting cycle ends</td>
<td>December 31, 2021</td>
</tr>
<tr>
<td>Due Date for Agencies to have all 1099 imports into Account Ability</td>
<td>January 7, 2022</td>
</tr>
<tr>
<td>• OFM uploads 1099 forms to Secure File Transfer (SFT) location</td>
<td>January 8 - 9, 2022</td>
</tr>
<tr>
<td>• DES prints &amp; mails the IRS 1099 forms</td>
<td></td>
</tr>
<tr>
<td>• <strong>Agencies will not be able to work in Account Ability until January 13, 2022</strong></td>
<td></td>
</tr>
</tbody>
</table>
## DUE DATES & ACTIVITIES

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>OFM performs 1099 TIN matching and notifies Agencies with TIN mismatches</td>
<td>January 10 - 12, 2022</td>
</tr>
<tr>
<td>Agencies will have this time to make corrections to 1099-NEC forms before submission to the IRS</td>
<td>January 13 - 21, 2022</td>
</tr>
<tr>
<td><strong>Agencies finalize all updates into Account Ability in preparation for filing of the 1099-NEC forms</strong></td>
<td>January 21, 2022</td>
</tr>
<tr>
<td>• OFM will prepare the IRS 1099-NEC forms for submission to the IRS</td>
<td>January 24, 2022</td>
</tr>
<tr>
<td>• <strong>Agencies will not be able to work in Account Ability</strong></td>
<td></td>
</tr>
<tr>
<td>• Due date for issuing 1099 forms to recipients</td>
<td>January 31, 2022</td>
</tr>
<tr>
<td>• Due date for filing 1099-NEC to the IRS</td>
<td></td>
</tr>
<tr>
<td>Agencies have this time to make adjustments in Account Ability in preparation for filing the 1099-MISC forms</td>
<td>February 1 – March 18, 2022</td>
</tr>
<tr>
<td><strong>Agencies finalize all updates into Account Ability in preparation for filing of the 1099-MISC forms</strong></td>
<td>March 18, 2022</td>
</tr>
</tbody>
</table>
## DUE DATES & ACTIVITIES

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>OFM will prepare the IRS 1099-MISC forms for submission to the IRS</td>
<td>March 21, 2022</td>
</tr>
<tr>
<td>Agencies will not be able to work in Account Ability</td>
<td></td>
</tr>
<tr>
<td>Due date for filing 1099-MISC to the IRS</td>
<td>March 31, 2022</td>
</tr>
</tbody>
</table>

See this document for a downloadable list of dates:

WHEN SHOULD I BEGIN?

Early reporting date = Less time to prepare

This means:

• Fewer upload problems
• Fewer TIN mismatches
• Fewer vendor calls once 1099 forms go out
• Fewer 1099 corrections required

START NOW!
WHERE SHOULD I BEGIN?

OFM’s 1099 Reporting page:

One-stop shop for 1099 information, including:

- Login links to ER WebI and Account Ability
- Frequently Asked Questions (FAQs)
- Links to user documentation and training material
BREAK – RETURN AT 2:10 PM
ACCURATE/TIMELY REPORTING

What are the penalties for missing filing dates?

- Not more than 30 days late - $50/return - maximum of $556,500
- 31 days late to August 1\textsuperscript{st} - $110/return - maximum of $1,669,500
- After 8/1 or not at all - $270/return - maximum of $3,339,000
- Intentional disregard - $550/return with no limitation

- Penalties are the same for inaccurate reporting!!!
UNDERSTANDING TIN MATCHING PROCESS

TIN matching and electronic submittal of the 1099 forms is due to the IRS by:

• January 31 for the 1099-NEC
• March 31 for the 1099-MISC

OFM performs TIN matching on SWVs on behalf of all agencies

• For exceptions to this process: https://ofm.wa.gov/sites/default/files/public/itsystems/1099/TIN_MatchingRequestsForNonSWVs.pdf

When there are TIN mismatches, OFM will communicate with the agencies involved

Agencies have until 1/21/2022 (for NEC) and 3/18/2022 (for MISC) to finalize all updates into Account Ability
### THE 2021 IRS 1099-NEC FORM

<table>
<thead>
<tr>
<th>Form 1099-NEC</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="http://www.irs.gov/Form1099NEC">www.irs.gov/Form1099NEC</a></td>
</tr>
<tr>
<td>Department of the Treasury - Internal Revenue Service</td>
</tr>
</tbody>
</table>

#### PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

#### PAYER'S TIN | RECIPIENT'S TIN |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

#### RECIPIENT'S name

#### Street address (including apt. no.)

#### City or town, state or province, country, and ZIP or foreign postal code

#### Account number (see instructions)

#### 1 Nonemployee compensation

#### 2 Payer made direct sales totaling $5,000 or more of consumer products to recipient for resale

#### 3

#### 4 Federal income tax withheld

#### 5 State tax withheld

#### 6 State/Payer's state no.

#### 7 State income

#### OMB No. 1545-0116
Examples include:

- Contract work payments
- Services rendered as non-employee
- Payments typically subject to self-employment taxes
- Attorney fees (Gross proceeds go on the 1099-MISC)
THE 2021 IRS 1099-MISC FORM

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rents</td>
<td>$</td>
</tr>
<tr>
<td>Royalties</td>
<td>$</td>
</tr>
<tr>
<td>Other income</td>
<td>$</td>
</tr>
<tr>
<td>Federal income tax withheld</td>
<td>$</td>
</tr>
<tr>
<td>Fishing boat proceeds</td>
<td>$</td>
</tr>
<tr>
<td>Medical and health care payments</td>
<td>$</td>
</tr>
<tr>
<td>Payer made direct sales totaling $5,000 or more of</td>
<td>$</td>
</tr>
<tr>
<td>consumer products to recipient for resale</td>
<td>$</td>
</tr>
<tr>
<td>Substitute payments in lieu of dividends or interest</td>
<td>$</td>
</tr>
<tr>
<td>Gross proceeds paid to an attorney</td>
<td>$</td>
</tr>
<tr>
<td>Crop insurance proceeds</td>
<td>$</td>
</tr>
<tr>
<td>Fish purchased for resale</td>
<td>$</td>
</tr>
<tr>
<td>Section 409A deferrals</td>
<td>$</td>
</tr>
<tr>
<td>Excess golden parachute payments</td>
<td>$</td>
</tr>
<tr>
<td>Nonqualified deferred compensation</td>
<td>$</td>
</tr>
<tr>
<td>State tax withheld</td>
<td>$</td>
</tr>
<tr>
<td>State/Payer’s state no.</td>
<td>$</td>
</tr>
<tr>
<td>State income</td>
<td>$</td>
</tr>
</tbody>
</table>

Form 1099-MISC

www.irs.gov/Form1099MISC

Department of the Treasury - Internal Revenue Service
1099-MISC BOX 1 - RENTS

Examples include:

- Rental payments to owners
- Office space
- Meeting rooms
- Machines/equipment
- Land/pasture
- Payments for public housing assistance
1099-MISC BOX 3 - OTHER INCOME

Examples include:

- Prize winnings (excludes gambling)
- Award money without services performed
- Punitive damage payments
- Deceased employee wages
- Income not included in other boxes
1099-MISC BOX 6 - MEDICAL PAYMENTS

Examples include:

- Health care/medical payments
- Recipient is a health care provider
- Flexible spending plans are exempt
Examples include:

- Payments made to attorneys which contain settlement proceeds
- Attorney might not be the sole payee
ANALYSIS FOR REPORTABLE AND NON-REPORTABLE DATA
TIPS FOR ANALYZING YOUR DATA

1. All payments for legal or medical services are reportable (regardless of how you go about making this determination).

2. Payments can be analyzed by Vendor Type.

3. Payments can be analyzed by type of payment (based on sub/subsubobject).
   1. Refer to the IRS for what is and is not 1099 Reportable.

AFRS is a great resource for confirming reportability of payments
The combination of the Vendor Type and the subobject will indicate if payments to that vendor are reportable
Confirm IRS box values on the AFRS AD.1.3 screen, table options IRS Box (D76), Vendor Type (D77) and IRS Type (D78)

Vendor Type definitions are available here: https://ofm.wa.gov/sites/default/files/public/itsystems/afrs/DefinitionsForVendorTypesInAFRS-April2020.pdf
REPORTABLE AND NON-REPORTABLE PAYMENTS

Example: If you paid a vendor who is a type A, and coded it to Sub-Object AA, it will show on the WebI extract as non-reportable (box 0) as defined on the D78 table in AFRS.

```plaintext
=== AFRS = (TM.5) = IRS TYPE VIEW (D78) = C105P060 ===
TR: ______  LAST UPDATE: 10/20/10

FUNCTION: N (V=VIEW, N=NEXT, B=BACK)

AGENCY: 0000  BIENNium: 00
SUB OBJECT: AA  SUB-SUB OBJECT: ___
VENDOR TYPE: A
IRS BOX: 0  OMWBE TYPE: 0

TITLE: ____________________________
```

F3=RETURN, F12=MESSAGE, CLEAR=EXIT
NEXT RECORD READ
Example: If you paid a vendor who is a type S, and coded it to Sub-Object CG, it will show on the WebI extract as reportable (box 7) as defined on the D78 table in AFRS.

<table>
<thead>
<tr>
<th>FUNCTION: N (V=VIEW, N=NEXT, B=BACK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENCY: 0000</td>
</tr>
<tr>
<td>BIENNium: 00</td>
</tr>
<tr>
<td>SUB OBJECT: CG</td>
</tr>
<tr>
<td>SUB-SUB OBJECT: ___</td>
</tr>
<tr>
<td>VENDOR TYPE: S</td>
</tr>
<tr>
<td>IRS BOX: 7</td>
</tr>
<tr>
<td>OMWBE TYPE: B</td>
</tr>
<tr>
<td>TITLE:</td>
</tr>
</tbody>
</table>

F3=RETURN, F12=MESSAGE, CLEAR=EXIT
THE 1099 REPORTING PROCESS
THE 1099 REPORTING PROCESS

Extract data from AFRS into WebI report
- Exercise #1

Export WebI report to tab delimited text file
- Exercise #2

Import tab delimited text file into Account Ability
- Exercise #3

You will need to do this process twice for both the 1099-MISC and the 1099-NEC forms!
Web Intelligence (WebI) Extract - 1099 Reporting:

Account Ability - 1099 Reporting:

Both documents include helpful crosswalks for the data conversion process.
DEMONSTRATION #1

EXTRACTING YOUR 1099 DATA

Watch the instructors demonstrate this exercise
DEMONSTRATION #2

CREATING A TAB-DELIMITED 1099 SOURCE FILE

Watch the instructors demonstrate this exercise
BREAK – RETURN AT 3:10 PM
DEMONSTRATION #3

USING ACCOUNT ABILITY TO REPORT

Watch the instructors demonstrate this exercise
1099 REPORTING CONSIDERATIONS
Constructive Receipt is an IRS term used to determine when a taxpayer has received gross income

- Payment by warrant is 1 business day from release date
- Constructive receipt for EFT is 2 business days from release date

December payments to add to Calendar Reporting Year 2021
- Day 1 (Wednesday, December 30, 2020) – Batch is released
- Day 3 (Monday, January 4, 2021) – EFT deposit date

December payments to remove from Calendar Reporting Year 2021
- Day 1 (Wednesday, December 29, 2021) – Batch is released
- Day 3 (Monday, January 3, 2022) – EFT deposit date
OTHER CONSIDERATIONS

When analyzing data:

- EFT reversals, refunds, and coding corrections are not captured in 1099 data
- Use of SWV# for all corrections, refunds, and reversals can minimize the impact
- GL 7110 is associated with receivables and is not captured in the 1099 Extract template
- IRS Box Type can be changed using Financial Toolbox (intentionally or unintentionally)
- Use of exception codes can significantly increase analysis necessary
OTHER CONSIDERATIONS (CONT.)

When working in Account Ability:

• SWV addresses are current as of WebI data pull – some may change
• We have 99 licenses for Account Ability – log out when not using
• 1099 corrections after due dates – contact OFM Help Desk
• Account Ability treats all amounts as absolute amount
• Payments to a lock box – contact your vendor(s) to let them know about 1099s
STAYING INFORMED

To get copies of the latest system documentation:

State Administrative and Accounting Manual:
http://www.ofm.wa.gov/policy/default.asp

Sign up for GovDelivery:
https://public.govdelivery.com/accounts/WAGOV/subscribe/new
WHO TO CONTACT WITH QUESTIONS?

OFM:
- OFM Help Desk
  - Phone: 360.407.9100
  - Email: HereToHelp@ofm.wa.gov

Accounting Policies and Procedures:
- OFM Accounting Consultant
- Follow the link to find your OFM Accounting Consultant: http://www.ofm.wa.gov/accounting/swa/swacontactsbyagency.asp
RESOURCES

Internal Revenue Service:

- General Instructions for Certain Information Returns
- Instructions for Forms 1099-MISC and 1099-NEC (2020)
- Taxable and Non-Taxable Income
- Taxable Fringe Benefits
In-person state year-end classes cancelled due to COVID-19
OFM Statewide Accounting has created eLearning classes
These classes are available on our OFM website under the Accounting tab, Training:
RECOMMENDED TRAINING

OFM Enterprise Reporting Financial Reports New User Training eLearning:
https://sowa.sumtotal.host/Core/pillarRedirect?relyingParty=LM&url=core%2Factivitydetails%2FViewActivityDetails%3FAActivityId%3D1836%26UserMode%3D0

OFM Enterprise Reporting - Flexible Reports 2015 eLearning:
https://sowa.sumtotal.host/Core/pillarRedirect?relyingParty=LM&url=core%2Factivitydetails%2FViewActivityDetails%3FAActivityId%3D1839%26UserMode%3D0
PLEASE COMPLETE OUR SURVEY!

OFM Enterprise Applications Training: Chris.Soots@ofm.wa.gov

Any questions?

OFM
OFFICE OF FINANCIAL MANAGEMENT