50.10 Annual U.S. Information Returns

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50.10.10 What are annual U.S. information returns?

July 1, 2012

In the course of state business activities, agencies make payments to others that must be reported to the federal government. Copies of information returns must be furnished to recipients for payments reported.

For payroll related payments, Internal Revenue Service (IRS) Forms W-2 are required to be transmitted to the Social Security Administration (SSA) accompanied by a Form W-3, Transmittal of Wage and Tax Statements. Payroll systems that send W-2 information to the SSA electronically use IRS Form 6559, Transmitter Report and Summary of Magnetic Media.

For non-payroll related payments, the most common annual information returns include Forms 1098 (1098, 1098-E, and 1098-T), Forms 1099 (1099-G, 1099-INT, 1099-MISC, 1099-Q, 1099-R, and 1099-S) and Form W-2G. These forms are transmitted to IRS with Form 1096, Annual Summary and Transmittal of U.S. Information Returns.

Non-payroll U.S. source income paid to foreign persons must be reported to the payee and IRS on IRS Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding.

50.10.20 The purpose of these guidelines

June 1, 2012

To ensure federal reporting compliance, agencies are to obtain current publications and advice from the IRS and the SSA as needed. Section 50.10 is provided for general informational purposes only, to alert agencies about compliance issues related to various reporting requirements of the IRS and SSA for annual U.S. Information Returns.

The Office of Financial Management does not provide tax advice. Agencies can obtain tax advice from the IRS, SSA, Office of the Attorney General, and/or outside tax counsel (paid for by the agency seeking tax advice).

50.10.30 Key timeframes and publications

Jan. 1, 2026

50.10.30.a

Annual information returns report payments for the calendar year and are generally to be mailed to recipients on or before January 31 of the ensuing year (except for Form 1042-S, due to recipients on or before March 15).

Due dates for filing with the federal government vary:

- Forms W-2 are due to the SSA on or before January 31.
- Forms 1099-NEC are due to the IRS on or before January 31.
- Forms 1042 are due to the IRS by March 15.
- Forms 1099-MISC are due to the IRS on or before March 31.

When 10 or more information returns are prepared by an agency, the IRS requires electronic filing. This requirement applies separately for each type of form.

50.10.30.b

The IRS publication, General Instructions for Certain Information Returns, provides specific instructions on the filing requirements of these returns. This publication contains a Guide to Information Returns. This guide is a helpful quick reference for form numbers, titles, what to report, amounts to report, and due dates to the IRS and the recipient. The instructions are available on the IRS website at: http://www.irs.gov/instructions/.

Additional publications are available on the IRS website at: https://apps.irs.gov/app/picklist/list/formsPublications.html

Key publications include:

- Publication 15 (Circular E), Employer's Tax Guide
- Publication 15-A, Employer's Supplemental Tax Guide
- Publication 15-B, Employer's Tax Guide to Fringe Benefits
- Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities
- Publication 519, U.S. Tax Guide for Aliens
- Publication 901, U.S. Tax Treaties
- Publication 1141, General Rules and Specifications for Substitute Forms W-2 and W-3
- Publication 1179, General Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498, and Certain Other Information Returns

50.10.30.c

SSA Publication EFW2 provides specifications for Form W-2. IRS Publication 1220 provides specifications for electronically or magnetically filing Forms 1098, 1099, and W-2G.

For information on all SSA Form W-2 filing methods, forms, publications and other information, refer to the SSA website at: http://www.socialsecurity.gov/employer/pub.htm.

50.10.40 Taxpayer Information Numbers (TINs) are required

Jan. 1, 2019

50.10.40.a Required reporting

The Taxpayer Information Number (TIN), name, and address of the recipient are required to be entered on the annual information forms for identification of U.S. payees. TINs include the Social Security Number (SSN) issued by the Social Security Administration (SSA), the Individual Taxpayer Identification Number (ITIN) issued by the Internal Revenue Service (IRS), or an Employer Identification Number (EIN) issued by the IRS.

For payroll reporting, the SSN is required. A Form W-4, Employee's Withholding Allowance Certificate is required to be completed and signed by an employee to obtain SSN information.

For non-payroll reporting for a U.S. individual or business, the TIN may be a SSN, ITIN, or EIN. The payee's TIN and business information can be documented using a properly completed IRS Form W-9, Request for Taxpayer Identification Number and Certification (or an acceptable substitute).

For non-payroll reporting for a foreign individual or business, the appropriate IRS forms include:

- Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding
- Form W-8ECI, Certificate of Foreign Person's Claim That Income Is Effectively Connected With the Conduct of a Trade or Business in the United States

- Form W-8EXP, Certificate of Foreign Government of Other Foreign Organization for United State Tax Withholding
- Form W-8IMY, Certificate of Foreign Intermediary, Foreign Flow-Through Entity, or Certain U.S. Branches for United States Tax Withholding
- Form W-8CE, Notice of Expatriation and Waiver of Treaty Benefits
- Form 8233, Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual

50.10.40.b IRS penalties

Failure to report a TIN or correct TIN may result in penalties assessed by IRS. Refer to the IRS General Instructions for Forms W-2 and W-3 regarding Form W-2 penalties.

For incorrect or missing TIN reporting penalties for other information returns, refer to the IRS General Instructions for Certain Information Returns.

50.10.40.c SSA SSN verification and IRS TIN matching programs

The Social Security Number Verification Service (SSNVS) is to be used only for verifying social security numbers (SSNs) related to payroll transactions. Payroll systems routinely use this service. The Social Security Administration (SSA) website includes an overview and the steps to register for the SSNVS at: http://www.ssa.gov/employer/ssnv.htm.

IRS Taxpayer Identification Number (TIN) matching is to be used for verifying TINs, including SSNs, related to non-payroll transactions. An overview of TIN matching is available on the IRS website at: Taxpayer Identification Number TIN On-line Matching. To register for TIN matching, go to the IRS website at: E-Services.

In addition to verifying TINs when setting up statewide vendors, the Office of Financial Management (OFM) conducts bulk verifications at certain times of the year. Agencies that process non-payroll payments outside of AFRS should conduct IRS TIN matching.

50.10.40.d When backup withholding is required

Backup withholding is a type of federal income tax *required* to be deducted from certain non-employee transactions under various circumstances, including when the payee fails to furnish a TIN number or provides an incorrect TIN number and will not correct it on a timely basis.

IRS Publication 1281, Backup Withholding For Missing and Incorrect Name/TIN(s) explains the requirements, IRS TIN match/mismatch process, and penalties that can be assessed.

If an agency encounters a situation where deduction of backup withholding is required, timely deposit to IRS of the federal income tax and annual reporting on IRS Form 945 are also required. These tax deposits may not be co-mingled with payroll tax deposits reported on quarterly Forms 941. For information on how

to deposit taxes via the Electronic Funds Tax Payments System, refer to the Office of the State Treasurer's website at: Cash Management EFTPS Instructions

50.10.50 Common U.S. information returns

Jan. 1, 2026

The following are commonly required U.S. information returns. Refer to current calendar year IRS instructions for each form to obtain full reporting requirements. All IRS forms and instructions can be found at: Forms Publications.

50.10.50.a

Form W-2, Wage and Tax Statement is issued to report wages and taxable fringe benefits subject to federal income tax withholding, OASI, and/or Medicare employment taxes and all taxes actually withheld for a calendar year. Non-taxable moving expense reimbursements made directly to employees and the value of employer provided health insurance are also reportable.

Form W-2c, Corrected Wage and Tax Statement, is issued to correct errors on Forms W-2 and W-2c filed with the SSA. Agencies are encouraged to file Forms W-2c electronically. More information can be found on the SSA's website at: http://ssa.gov/employer.

50.10.50.b

Form 941, Employer's Quarterly Federal Tax Return, is used to report the following to the IRS:

- Wages paid,
- Federal income tax withheld, and
- Employer and employee share of social security and Medicare taxes

Note: Certain employers must file **Form 941 (Schedule B)** along with Form 941. Refer to IRS Publication 15 (Circular E) for details.

Form 941-X, Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund, is used to correct errors on previously filed Forms 941.

50.10.50.c

Form W-2G, Certain Gambling Winnings, is used by the State Lottery Commission to report payments for lottery winnings of $600 or more to a winner and any required federal regular gambling withholding tax withheld from winnings

50.10.50.d

Form 1098, Mortgage Interest Statement, is required to be issued when an agency receives $600 or more in certain types of mortgage interest during the calendar year.

Form 1098-E, Student Loan Interest Statement, is required to be issued if an agency receives student loan interest of $600 or more from an individual during the calendar year.

Form 1098-F, Fines, Penalties, and Other Amounts, is required to report amounts paid to, or at the direction of, the governmental entity, pursuant to a suit, court order, or agreement, in relation to any violation of law or investigation or inquiry into the potential violation of law, for which the aggregate amount equals or exceeds $50,000. Government entities must also report on that form any amounts paid as restitution, remediation, or to come into compliance with a law.

For additional guidance on this reporting requirement, agencies should consult their assigned Assistant Attorney General.

Form 1098-T, Tuition Statement, is required to be issued by an eligible education institution to report qualified tuition and related expenses for each student. Exceptions apply.

50.10.50.e

Form 1099-G, Certain Government Payments, is used to report certain government payments including:

- Unemployment compensation payments by the Employment Security Department.
- Certain federal taxable grants of $600 or more which are administered by the state.
- Amounts of federal income tax withheld under the backup withholding rules.

50.10.50.f

Form 1099-INT, Interest Income, is generally *not* applicable to state governments because of the tax-exempt status for interest on obligations of a state or municipal government. However, if an agency has custody of or administers certain trust funds, there may be reporting requirements.

50.10.50.g

Form 1099-MISC, Miscellaneous Income, is used to report a variety of miscellaneous transactions *generally* when the amount of the payment in a calendar year is $2,000 or more. If backup withholding has been taken, Form 1099-MISC must be filed, regardless of the payment amount. The most frequently encountered ones are noted below.

- Payments to estates or beneficiaries for deceased employees' wages, whether the payment to the recipient is made in the year of death or a subsequent year.
- Payments for rents.
- Gross payments to attorneys.
- Payments to physicians or other suppliers or providers of medical or health care services in connection with medical assistance programs, or health, accident, and sickness insurance programs.

Payments to corporations are generally *not* required to be reported except for medical payments and payments for legal services. Generally, payments made to tax-exempt organizations, such as other governmental agencies, social service agencies, and hospitals, are exempt from informational reporting requirements.

Reporting is required for most payments to individuals and partnerships. It is important to know whether the recipient of the payment is doing business as an individual, partnership, corporation, its specific business structure if it is a limited liability entity, and whether it is tax-exempt so that correct reporting can be completed.

50.10.50.h

Form 1099-NEC, Non-Employee Compensation, is used to report services performed by someone who is not an employee when the amount of the payment in a calendar year is $2,000 or more. The most frequently encountered ones are noted below.

- Payments for fees, services, commissions, or other forms of compensation to persons not treated as employees for services rendered. Examples are payments for professional service contracts and payments to witnesses or experts in legal adjudication.
- Payments to attorneys
- Payments to corporations are generally not required to be reported except for payments for legal services. Generally, payments made to tax-exempt organizations, such as other governmental agencies, social service agencies, and hospitals, are exempt from informational reporting requirements.

Reporting is required for most payments to individuals and partnerships. It is important to know whether the recipient of the payment is doing business as an individual, partnership, corporation, its specific business structure if it is a limited liability entity, and whether it is tax-exempt so that correct reporting can be completed.

50.10.50.i

Form 1099-Q, Payments from Qualified Education Programs, is used by the Student Achievement Council to report distributions made from the Guaranteed Education Tuition (GET) Program.

50.10.50.j

Form 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., is used to report pension and retirement plan distributions of $10 or more, whether or not federal income tax is withheld. It is also used to report Internal Revenue Code Section 457 plan (deferred compensation) distributions and any income tax withheld.

50.10.50.k

Form 1099-S, Proceeds from Real Estate Transactions, is used to report the sale or exchange of real estate.

50.10.50.l

Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, is used to report amounts paid during a calendar year to foreign persons who are subject to withholding even if no withholding amount is withheld due to a treaty or Code exception or if any amount withheld was repaid to the payee. Refer to the form instructions for which payments must be reported.

If required to file Forms 1042-S, **Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons**, must also be filed on an annual basis.

Agencies that report Forms 1042-S on paper must also file IRS **Form 1042-T, Annual Summary and Transmittal of Forms 1042-S**. Use of Form 1042-T does not affect the obligation to file Form 1042.

50.10.50.m

IRS Form 945, Annual Return of Withheld Federal Income Tax, is used to report federal income tax withheld from non-payroll payments such as pensions and backup withholding. Refer to separate tax deposit requirements for Form 945 in the form instructions and IRS Publication 15 (Circular E).

50.10.60 Federal training opportunities

June 1, 2016

The reporting and backup withholding requirements of U.S. annual information returns are extensive and failure to comply with them can result in costly penalties.

Questions can be directed to IRS either by telephone or email per contact information provided in IRS publications. It is important that documentation of IRS advice be retained. If the response is by telephone, document the name and badge number of the person providing the advice in case questions arise at a later date.

The following resources may prove helpful:

- IRS tax information for federal, state, and local governments: https://www.irs.gov/government-entities/federal-state-local-governments
- IRS webinars for government employers: http://www.irsvideos.gov/Governments/Employers

There are also training classes available from various companies that focus on specific tax issues, such as international taxation, that may be beneficial to those agencies that encounter such types of issues.

50.10.65 1099 download application

June 6, 2024

Agencies accessing the 1099 download maintained by the Office of Financial Management (OFM) must establish an effective system for management and control to secure the information. In addition, agencies

are to restrict access to employees who need the download to perform their assigned duties. Before access is granted, an employee must sign a Non-Disclosure Agreement (NDA) that includes the following elements:

- As an employee of [agency], I have access to confidential data contained in the download, and I understand that I am responsible for maintaining its confidentiality.
- I have been informed and understand that data extracted from the download includes confidential data and may not be disclosed to unauthorized persons. I agree not to divulge, transfer (such as but not limited to, email, portable media, File Transfer Protocol (FTP), file location services), sell, or otherwise make known to unauthorized persons any data contained in this download.
- I also understand that I am not to access or use this data for my own personal information but only to the extent necessary and for the purpose of performing my assigned duties as an employee of [agency]. I understand that a breach of this confidentiality will be grounds for disciplinary action which may include termination of my employment and other legal action.
- I agree to abide by all federal and state laws, regulations, and policies regarding confidentiality and disclosure of the information in the download.

To get access to the download, follow the instructions at: https://ofm.wa.gov/it-systems/accounting-systems/1099-nec-1099-misc-reporting/access-1099-download.

If an agency detects a breach in security related to download data, the agency is responsible to follow the steps for breach as described in RCW 42.56.590 and notify the Washington Technology Solutions (WTS) Chief Information Security Officer, WTS Security Operations Center and the Washington State Patrol Computer Crimes unit. Additionally, the agency is to notify the WTS Solutions Center within one business day of discovering the breach and to take corrective action as soon as practicable to eliminate the cause of the breach. WTS may request a full review of the agency's data security controls.