Overview

The purpose of this document is to inform bookkeepers on the importance of 1099s, the process of setting up a 1099 eligible vendor in QuickBooks, and the proper IRS forms to file.

I. IRS rules and regulations

The IRS Publication 1220 Section 6 Paragraph .03 Due Dates states that 1099s are filed on a calendar year basis (Jan 1, 20XX – Dec 31, 20XX). Form 1099 for the recipient or vendor and participant or parish are due January 31 following the calendar year. The IRS must receive a copy as well. Refer to the paragraph below.

According to Regulation § 1.6041-6 Returns made on Forms 1096 and 1099 under section 6041; contents and time and place for filing, the following is an effective Treasury regulation:

> Returns made under section 6041 on Forms 1096 and 1099 for any calendar year shall be filed on or before February 28 (March 31 if filed electronically) of the following year with any of the Internal Revenue Service (IRS) Centers, the addresses of which are listed in the instructions for such forms. The name and address of the [parish and/or school] making the payment and the name and address of the recipient of the payment shall be stated on Form 1099. If the present address of the recipient is not available, the last known post office address must be given.

Regulation § 1.6041-1 Return of information as to payments of $600 or more states as a general rule all persons engaged in a trade or business and making payment in the course of such trade or business to another of

- Rent
- Salaries
- Wages
- Premiums
- Annuities
- Compensations
- Remunerations
- Emoluments
- Other fixed or determinable gains, profits, and
- Income of $600 or more in any taxable year

shall make an information return for each calendar year with respect to payments it makes during the calendar year in the course of its trade or business to another person of fixed or determinable income.

Services are the main items warranting 1099s. Common services include lawn mowing, snow removal, renovations, etc. Labor that is not a reimbursement for supplies warrants a 1099.*

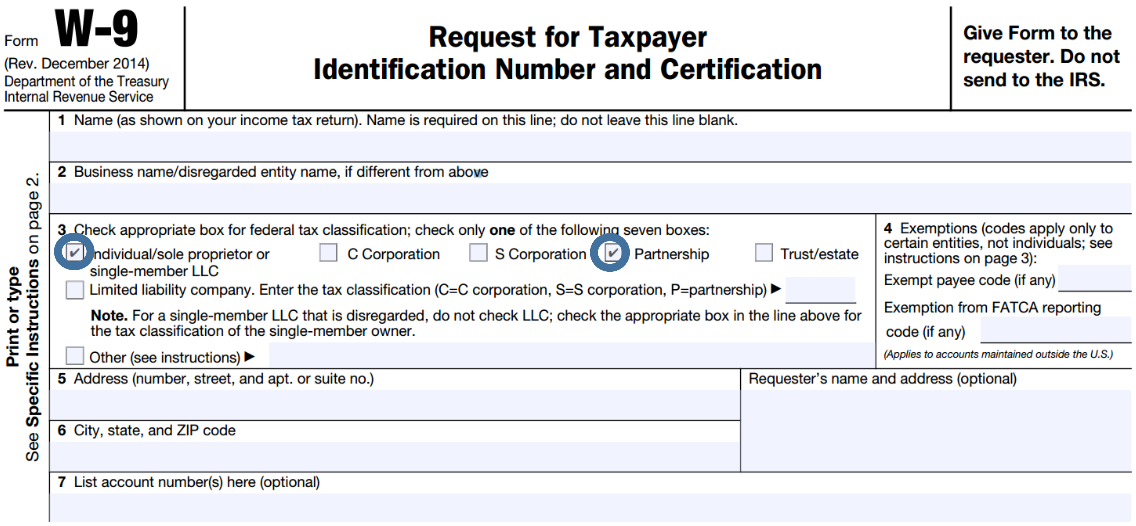
*- Archdiocese finance office interpretation of the IRS code

II. Form W-9 (i.e., who needs one, requirements, and clarification)

When the parish commits to a work relationship with a vendor, it is responsible for the vendor filling lines 1-7 and Part I: Taxpayer Identification Number (TIN) on Form W-9, which is free to print on www.irs.gov or through QuickBooks (Employees → Employee Forms → Federal W-9). The vendor must return Form W-9 before you pay them; a 1099 cannot be issued to someone without a SSN or EIN.

Keep originals and copies of each vendor's Form W-9 in a physical folder and/or in a scanned folder on your computer. If you plan to use this vendor for years after the current year, then make sure information is current and updated for subsequent years.

If either of these two boxes are checked, then the individual IS eligible for a 1099:


Form **W-9** (Rev. December 2014) Department of the Treasury Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

Print or type See Specific Instructions on page 2.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification; check only **one** of the following seven boxes:
☑ Individual/sole proprietor or single-member LLC ☐ C Corporation ☐ S Corporation ☑ Partnership ☐ Trust/estate
☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶
Note. For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner.
☐ Other (see instructions) ▶

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):
Exempt payee code (if any)
Exemption from FATCA reporting code (if any)
(Applies to accounts maintained outside the U.S.)

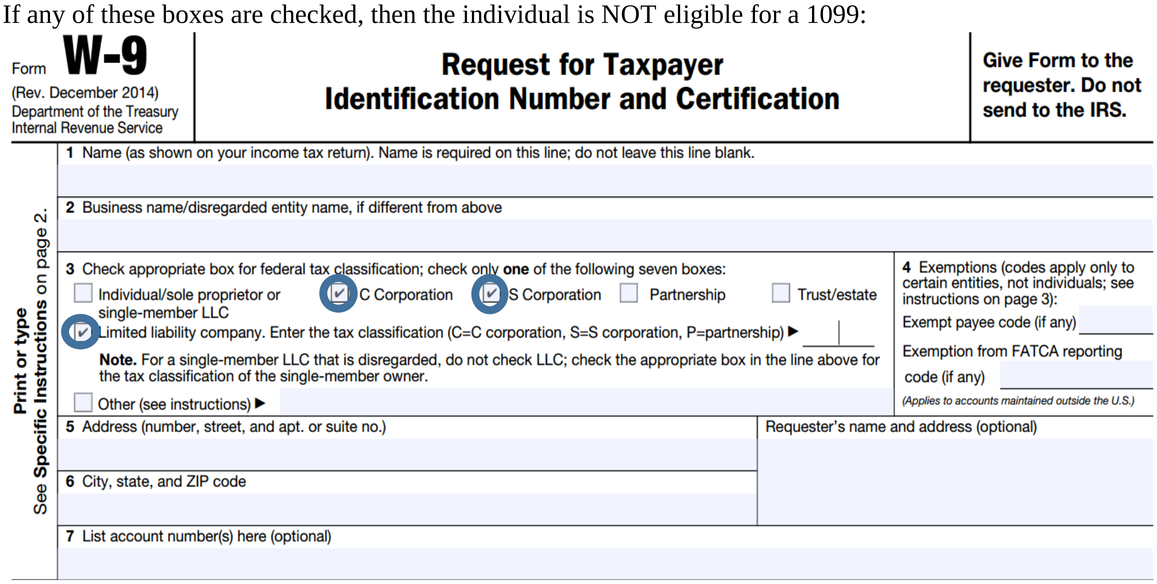
5 Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

6 City, state, and ZIP code

7 List account number(s) here (optional)

If any of these boxes are checked, then the individual is NOT eligible for a 1099: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Exempt payee code (if any)
Exemption from FATCA reporting code (if any)
(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

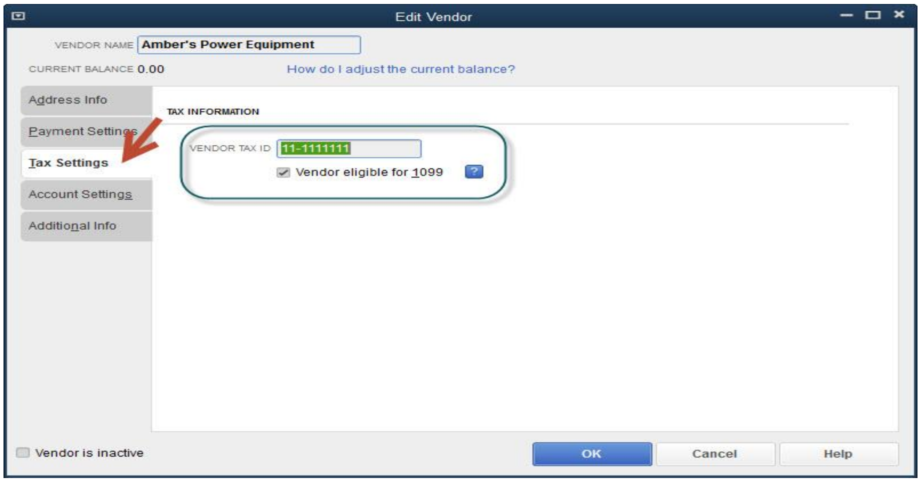
6 City, state, and ZIP code

7 List account number(s) here (optional)

III. QuickBooks: Setup 1099 Eligible Vendors

Go to **Vendors** on the top toolbar and click **Vendor Center.** In the top left corner of the **Vendor Center** window, click **New Vendor** to add a new vendor or multiple vendors. Right-click on a vendor, and click **Edit Vendor** to edit a vendor.

Once you have a **New Vendor** or an **Edit Vendor** window open, click **Tax Settings**. QuickBooks allows you to enter the vendor's tax identification number obtained from Form W-9 (see section II: Form W-9) and make the vendor eligible for a 1099 by checking the box show below.

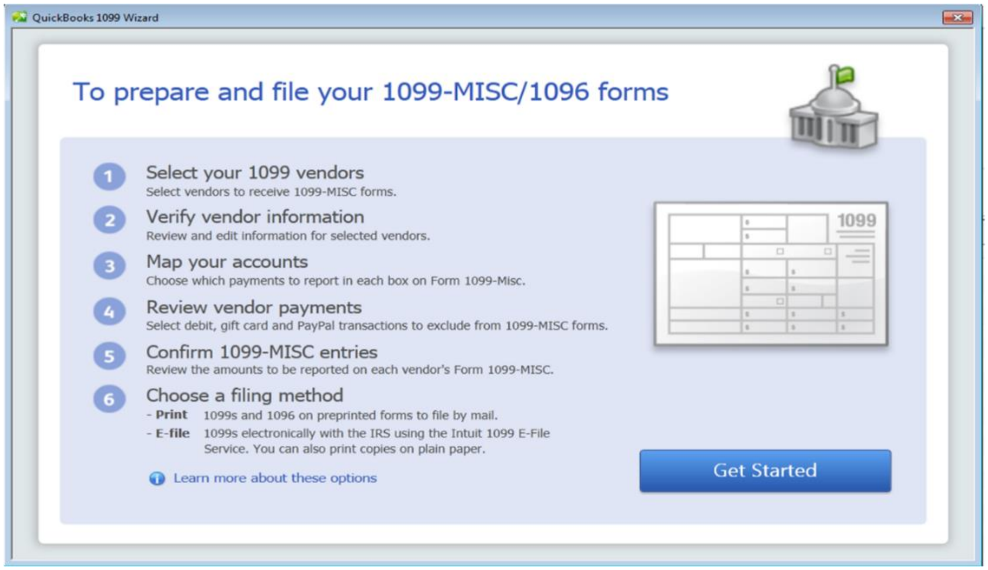


If you do not see the **Vendor eligible for 1099** box, then you need to click **Edit, Preferences,** then click the **Company Preferences** tab and check the **Yes** option for **Do you file 1099-MISC forms?**

IV. Printing and E-filing* 1099s/1096s

*- Additional requirements are needed to E-File through QuickBooks, but the IRS enables you to file electronically for free. More research is needed for a parish that wants to E-file.

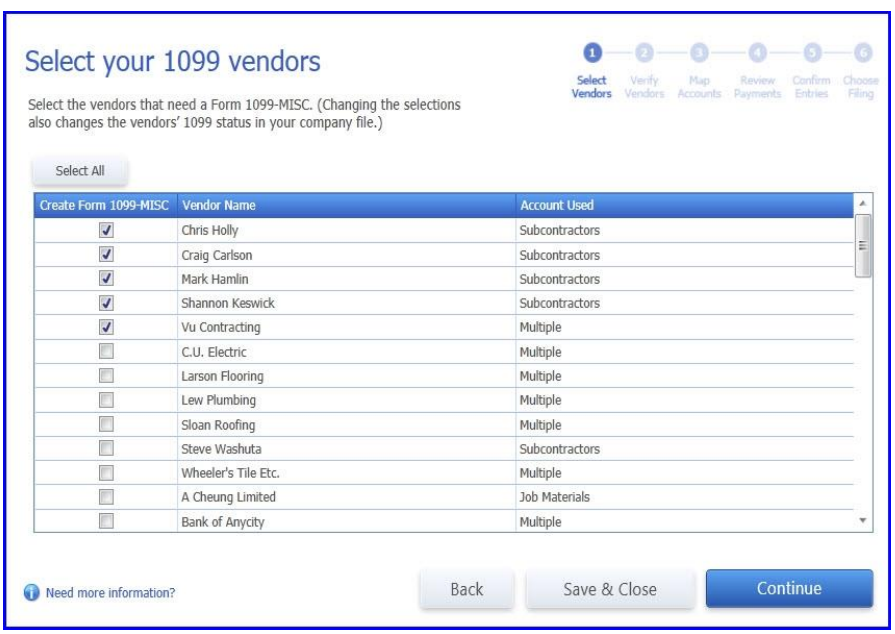
To print or E-file* 1099, select **Vendors**, then **Print/E-file* 1099s…**, and finally **1099 Wizard**. You should see the following window appear:



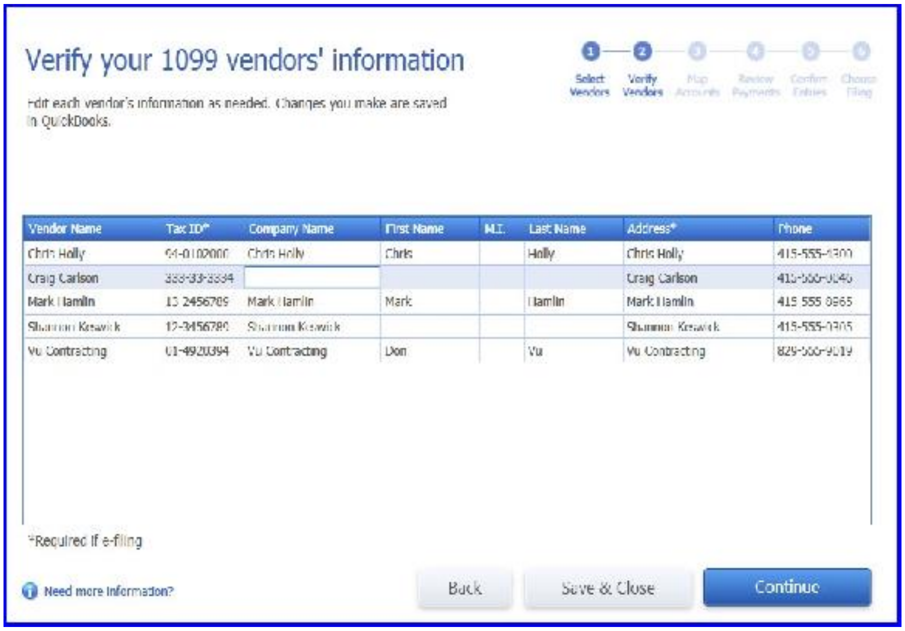
Follow the steps in the **QuickBooks 1099 Wizard** by clicking **Get Started.**

1. Select your 1099 vendors

Place a checkmark in front of the vendors you want to track 1099-MISC earnings for. If you have checked **Vendor eligible for 1099** mentioned in section III, then the desired vendors should be selected automatically by QuickBooks. Please review these checked vendors before you continue.

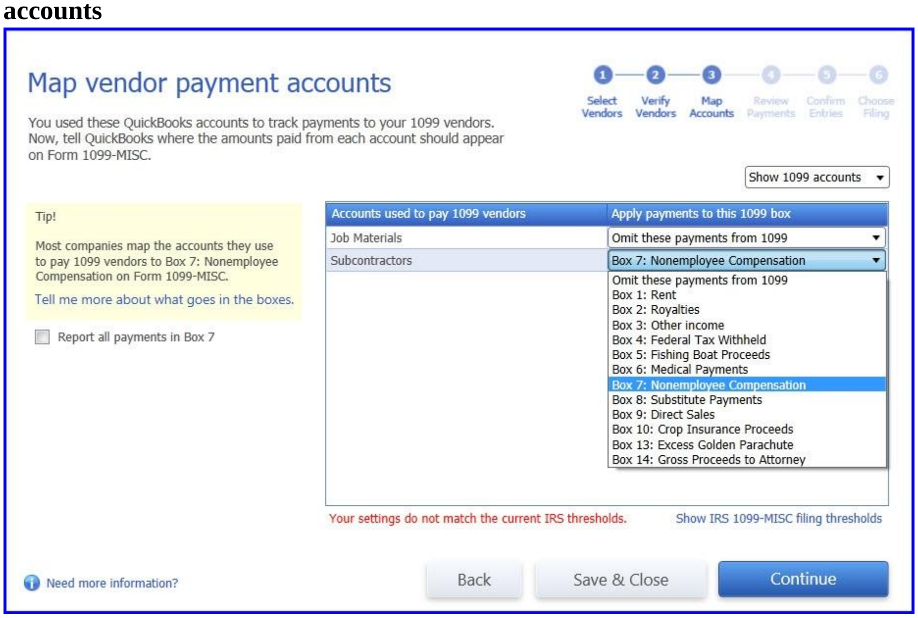


2. Verify vendor information



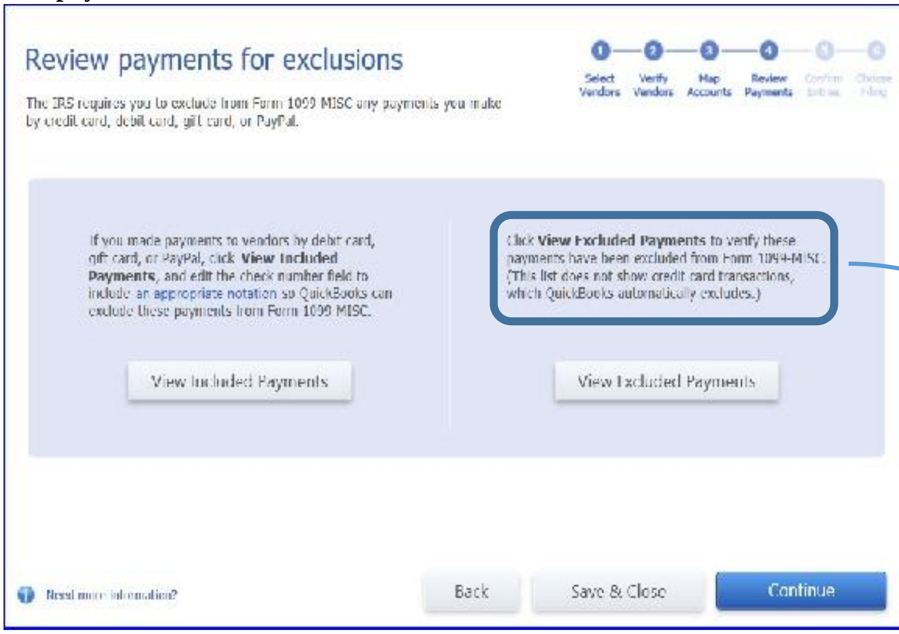
The vendor's Tax ID and Address are required before you continue. The Company Name, Name, and Phone number are not, but they do help provide additional information for you and the IRS.

3. Map your accounts



This window allows you to select or deselect which types of payments are eligible for 1099s.

4. Review vendor payments



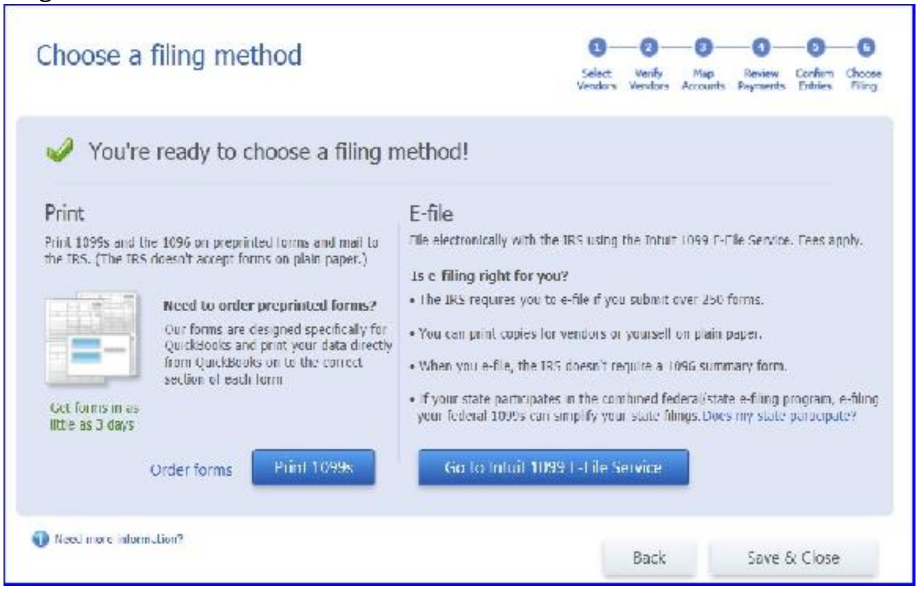
This window allows you to review included and excluded payments*.

*- QuickBooks informs you that the IRS requires any payments you make by credit card, debit card, gift card, or PayPal to be excluded from Form 1099-MISC.

5. Confirm 1099-MISC entries

Vendor Name	Tax ID	Box 7: Nonemployee compensation	Total Included on 1099	Total Unmapped Payments	Total
Chris Holly	94 0102000	0.00	0.00	0.00	0.00
Craig Carlson	333 33 3334	5,015.00	5,015.00	0.00	5,015.00
Mark Hamlin	13 2456789	2,189.00	2,189.00	0.00	2,189.00
Shannon Keswick	12 3456789	2,140.00	2,140.00	0.00	2,140.00
Vu Contracting	[illegible]	6,550.00	6,550.00	0.00	6,550.00
TOTAL		15,894.00	15,894.00	0.00	15,894.00

6. Choose a filing method*



***-** before printing, the proper 1099 forms must be used; three forms are needed: Copy A for the IRS (red), Copy 1 for the NE state tax department, and Copy B for the recipient. Copy 1 and Copy B can be printed off the IRS website, but Copy A must be obtained from the IRS for free upon request or for purchase from Intuit.

- **Print**
  - A **Printing 1099-MISC and 1096 Forms** window will appear and ask you to specify a date range. Select **Last Calendar Year**.
  - Place the 1099-MISC forms in your printer and select **Print.**
  - Place the 1096 forms in your printer and select **Print.**
- **E-file***
  - Follow the instructions for filing. You will complete three steps:
    - Sign up for the service using your Intuit Account username and password
    - Setup Intuit Sync Manager to send your info to the Intuit E-file* 1099 Service
    - Purchase, print and E-file*

Each bookkeeper should keep scanned copies and/or physical copies of 1099 Forms and Form W-9's. Each bookkeeper should review this document and the Forms' instructions when issuing W-9's or 1099's. If you have any questions after reviewing the following instructions, then please contact the Archdiocese Finance department at 402-558-3100 or refer to www.irs.gov for relevant forms and further guidance.