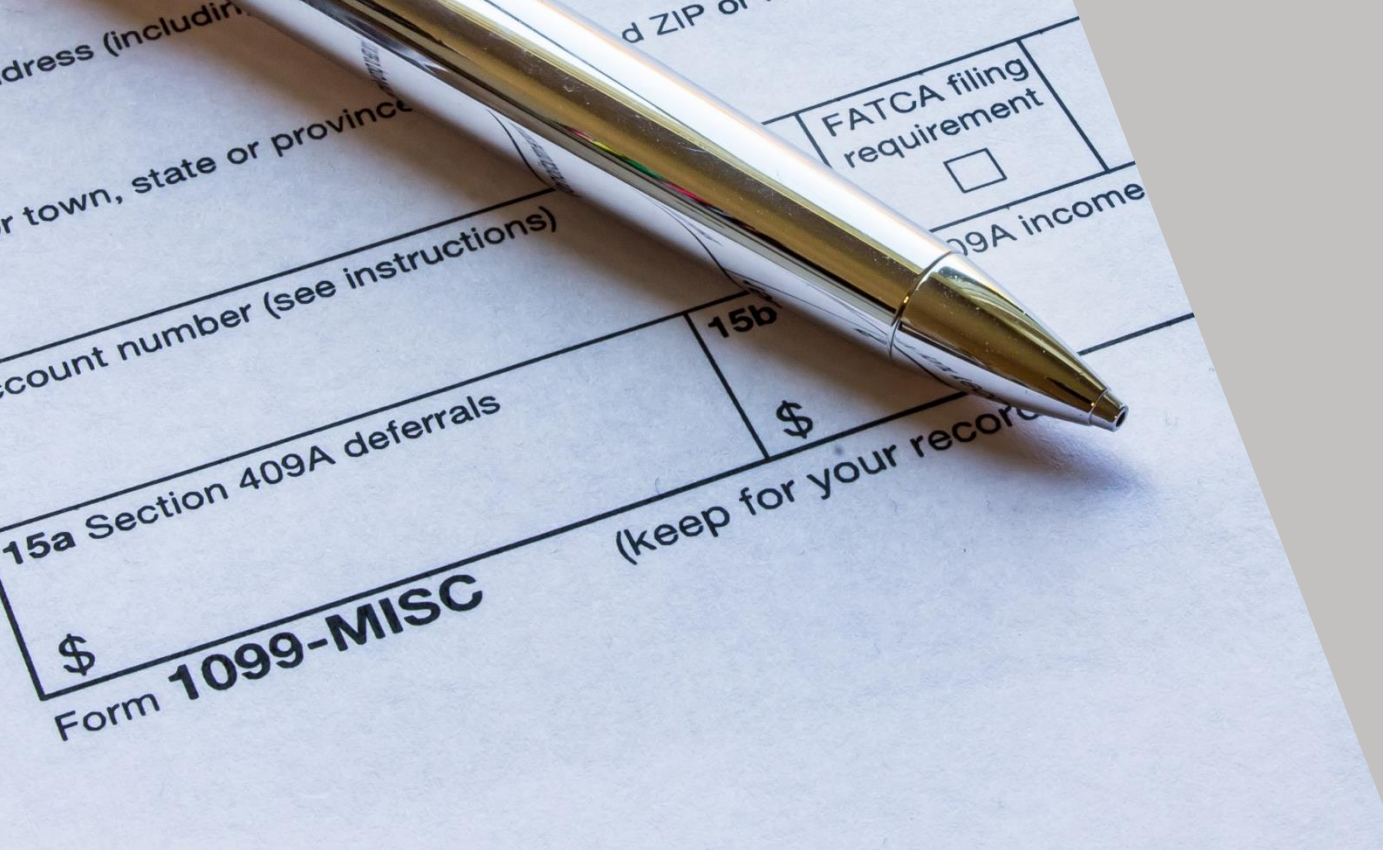




Welcome

Not-For-Profit Webinar

CALIBRE CPA GROUP
JANUARY 12, 2022



Common Mistakes in Form 1099 Preparation and How to Fix Them

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CALIBRE CPA GROUP, PLLC

1099 Tips for 2021



- ▶ If you are required to file 250 or more information returns during the year, you must file electronically.
 - ▶ The 250-or-more requirement applies separately to each type of form.
- ▶ 1099-NEC Due January 31, 2022 (no Extensions)
- ▶ Paper Filed 1099-Misc Due February 28, 2022
- ▶ E-filed 1099- Misc Due March 31, 2022
- ▶ Paper Filer Address change for Austin Submission Processing Center

1099 Tips for 2021



▶ Form 1099-NEC Changes For 2021-2022 Tax Year

In the 2020-2021 tax year, Box 2 of Form 1099-NEC was reserved. However, the reporting instructions were revised for the 2021-2022 tax year. Taxpayers are required to report direct sales amounting to \$5,000 or more in a year in Box 2 of 1099-NEC. Alternatively, the same is reported on Box 7 of Form 1099-MISC.

3 Types of 1099 Errors



**PAYER
INFORMATION
ERROR**

**PAYEE
REPORTING
ERROR**

TYPE I

TYPE II

Error in Reporting the Payer



- ▶ Write a letter containing the following information:
 - ▶ Name and Address of Payer
 - ▶ Type of Error
 - ▶ Tax Year
 - ▶ Payer TIN
 - ▶ Transmitter Control Number
 - ▶ Type of Return
 - ▶ Number of Payees
 - ▶ Filing Method
 - ▶ Was Federal Tax Withheld?

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

Errors on Payee Informational Returns



Type One Error

- Incorrect amount
- Incorrect code/checkbox
- Incorrect payee name or address
- Filed an unnecessary form

Type Two Errors

- Wrong payer information including wrong EIN
- Wrong recipient information including wrong TIN
- Wrong form

Corrections



Type One Errors

- File a new correct form with the correct amount, code, checkbox, name or address and check the "CORRECTED" box
- Send the corrected form to the recipient and prepare the red Copy A to send to the IRS with the Form 1096 transmittal if paper filing
- Electronic filing, you do not need to send in a Form 1096
- Do **NOT** send copies of the originally filed forms to the IRS

Type Two Errors

- File **two** form 1099s
 - Same payer and recipient information as the originally filed form, but the amounts on the form will be all **zeros** and the "CORRECTED" box will be checked
 - New Form 1099 with the appropriate information
- Paper Filing: Send Red copy to the IRS with a Form 1096
- A separate 1096 is required for each type of 1099
- E-filers do not need to file a 1096

Easier to Correct an Error if You E-File



No
reprinting

No 1096

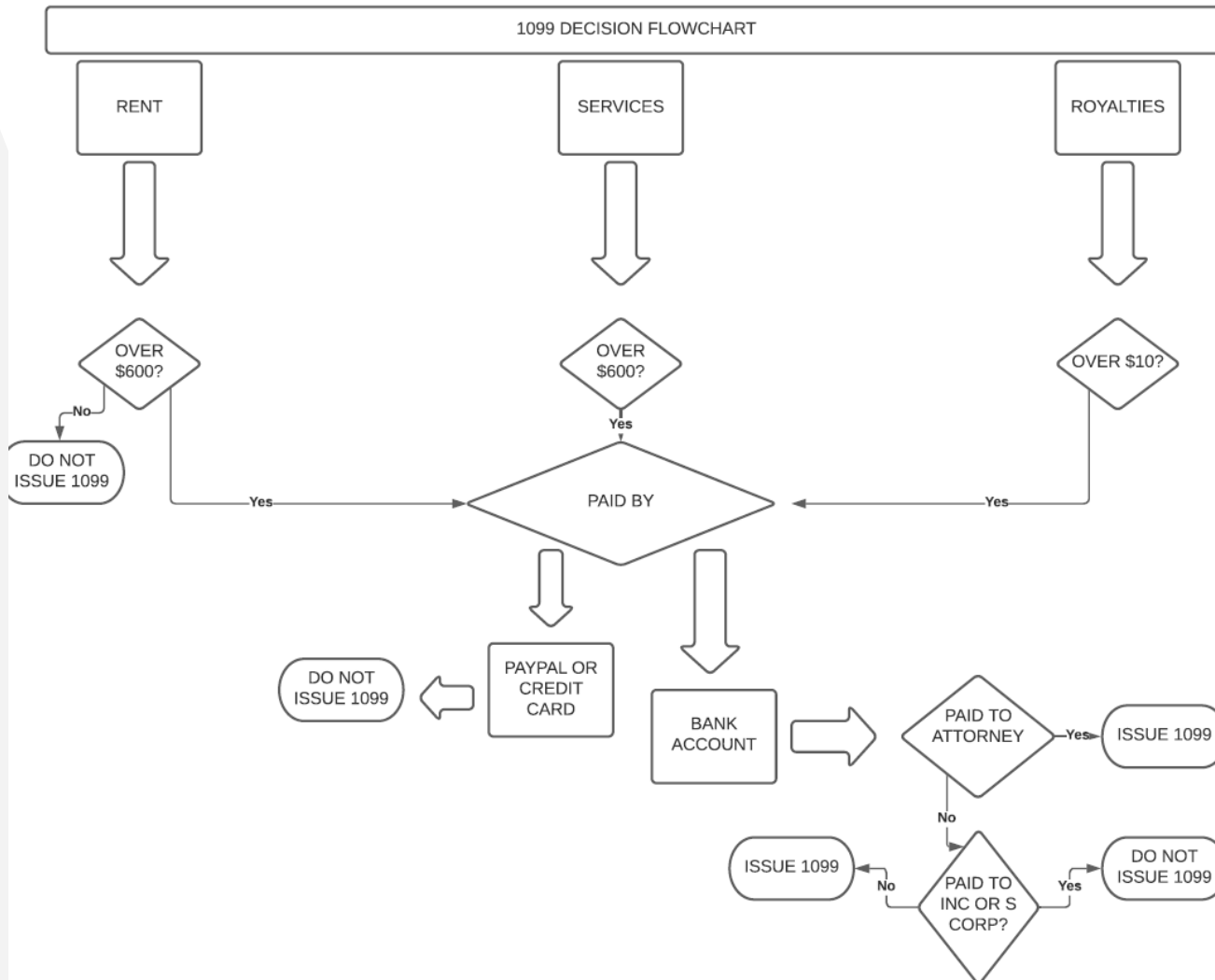


10 Most Common 1099 Mistakes



1. Not filing a Form when one is needed
2. Late filing
3. Wrong form
4. Wrong Box on the Correct form
5. No tax ID or Incorrect Tax ID
6. Incorrect name or address
7. Incorrect Amount
8. Paper v E-file error
9. Missing 1096
10. Unreadable Paper Filing

Know Who Needs a 1099 And What Payments Are Included



1. Not Filing a form when one is needed



- ▶ Vendor not correctly identified in the accounting system
- ▶ Unusual Payments
 - ▶ Board of Directors Fees
 - ▶ Stipends
 - ▶ Non-Employee Awards, Bonuses or Commissions
 - ▶ Deceased employee's wages
 - ▶ If you made the payment after the year of death, do not report it on Form W-2 and do not withhold social security and Medicare taxes
 - ▶ Make sure you have the correct payee information
- ▶ Payments made on behalf of another if;
 - ▶ Payer performs a management or oversight function; or
 - ▶ Payer has an economic interest in the payment
 - ▶ Mere administrative functions do not count
- ▶ Non-Cash Payments
 - ▶ Report fair market value at the time of payment

Review Vendor List



▶ Select your 1099 vendors:

- ▶ Select the vendors that need a Form 1099. (Changing the selections might not also changes the vendors' 1099 status in your company file.)

Create Form 1099-MISC	Vendor Name	Account Used
<input checked="" type="checkbox"/>	Another Dental lab	Lab Fees
<input checked="" type="checkbox"/>	Cleanup Janitorial	Janitorial
<input checked="" type="checkbox"/>	Dental Consulting	Consulting
<input checked="" type="checkbox"/>	Dental Group LLC	Accounting Services
<input checked="" type="checkbox"/>	Dental Lab	Lab Fees
<input checked="" type="checkbox"/>	My Attorney	Legal and Other Professional
<input checked="" type="checkbox"/>	Rental People Management	Multiple
<input checked="" type="checkbox"/>	Your Janitorial	Janitorial
<input type="checkbox"/>	Home Depot	
<input type="checkbox"/>	Lake Washington Dental Lab Inc.	

- ▶ Check your software to see if they have a vendor review as part of the 1099 process

Review 1099 Vendors for Missing Information



Vendor Name	Tax ID*	Company Name	First Name	M.I.	Last Name	Address*	Phone
Another Dental lab	91-9876541					34567 8th Ave	
Cleanup Janitorial	222-22-2222	Cleanup Janitorial	Ed		Harris	5879 3rd Avenue	
Dental Consulting	111-11-1111	Dental Consulting	Jane		Doe	1234 4th Avenue	
Dental Group LLC	91-1941528					625 4th Avenue, #205	
Dental Lab	91-1234567					1542 Maple Drive	
My Attorney	91-0563789					1111 1st Ave S	
Rental People Management	46-1472583					625 4th Avenue, #408	
Your Janitorial	552-13-1234	Your Janitorial	Jack		Johnson	1234 Main Street	

- ▶ If you don't have the vendors information, send them a **W9** ASAP.



Map vendor payment accounts

You used these QuickBooks accounts to track payments to your 1099 vendors. Now, tell us where the amounts paid from each account should appear on **Form 1099-NEC**.



Things to know

- You can map an account to only one of the 1099 forms. If you have an account with payments that are applicable to both the forms, it's recommended that you create separate accounts for payments made specific to each of these forms. [Read to know more](#)
- If an account is mapped to a filed form, it's recommended that you don't make any changes as it may result in double filing.

Report all payments in Box 1

Show 1099 accounts ▾

Accounts used for 1099	Account type	Apply payments to this 1099 box
66 · Professional Services : G6600	Expense	Omit these payments from 1099 ▾
66 · Professional Services : G6600	Expense	Omit these payments from 1099
66 · Professional Services : G6600	Expense	NEC Box 1: Nonemployee Compensation
67 · Dues & Subscriptions : G6760	Expense	NEC Box 2: Direct Sales
67 · Dues & Subscriptions : D6760	Expense	NEC Box 4: Federal Tax Withheld
67 · Dues & Subscriptions : 6700	Expense	NEC Box 5: State tax withheld
66 · Professional Services : D6600	Expense	Omit these payments from 1099 ▾
66 · Professional Services : D6600	Expense	Omit these payments from 1099 ▾
66 · Professional Services : D6600	Expense	Omit these payments from 1099 ▾
66 · Professional Services : G6600	Expense	Omit these payments from 1099 ▾
66 · Professional Services : G6600	Expense	Omit these payments from 1099 ▾
66 · Professional Services : G6600	Expense	Omit these payments from 1099 ▾
66 · Professional Services : D6600	Expense	Omit these payments from 1099 ▾

Show IRS 1099-NEC filing thresholds

Need more information?

Back

Save & Close

Continue

Stipends



- ▶ Nontaxable stipends must be supported by an accountable reimbursable expense plan
- ▶ Report taxable employee stipends for travel, auto etc. on W2
- ▶ Report taxable nonemployee stipends on 1099-NEC
 - Nominal payments to student interns >\$600

2. Late Filing Penalties Are Very Costly



January 2022						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Monday, Jan 31st 2022

Cost	Delay	Maximum Penalty
\$50 per form	Within 30 days of due date	\$194,000
\$110 per form	More than 30 days after the due date	\$556,500
\$270 per form	After August 1st	\$1,113,000
\$550 per form	Intentional disregard	-

3. Choosing the Correct Form



- ▶ 1099 – NEC
 - ▶ Professional service fees to attorneys (including corporations)
 - ▶ Professional service fees to accountants, contractors, engineers, consultants etc.
 - ▶ Director's fees
 - ▶ Service-related prizes and awards
 - ▶ Taxable fringe benefits for nonemployees

- ▶ 1099 – MISC
 - ▶ Rent
 - ▶ Prizes & Awards (not service related)
 - ▶ Gross proceeds to attorneys
 - ▶ Royalties > \$10
 - ▶ Certain medical and health care payments


Preventing Wrong Form Errors




- ▶ Make sure you get the latest IRS releases
- ▶ If you're preparing 1099s with your accounting software, make sure the software is up to date. Look for announcements and releases from the provider with specific regard to 1099s.
- ▶ Use an online 1099 preparation tool that's integrated with your accounting software

The screenshot shows a web interface titled "Print/e-file 1099 forms". It features a light blue header with a dome icon and the text "Let's help you prepare and file your 1099 forms". Below this, a paragraph explains that users must file Form 1099-NEC for nonemployee compensation and Form 1099-MISC for miscellaneous income. A "Things to know" section lists key points: Form 1099-NEC and Form 1099-MISC for New Jersey and Wisconsin have special rules for state tax withheld and payer's state number; forms can be printed and mailed or e-filed; and e-filing is required for over 250 forms. Two columns provide specific instructions for Form 1099-NEC (reporting nonemployee compensation, deadline January 31, 2022) and Form 1099-MISC (reporting miscellaneous income, deadline February 28, 2022 or March 31, 2022). Each column has a "Get started" button. At the bottom, there are links for "Don't have the forms to print and mail?" and "Need more information?".

Print/e-file 1099 forms

 **Let's help you prepare and file your 1099 forms**

You must file **Form 1099-NEC** to report nonemployee compensation and **Form 1099-MISC** to report miscellaneous income. If you have vendors who are eligible for both forms, you need to prepare and file them separately.

 **Things to know**

- **Form 1099-NEC** and **Form 1099-MISC** filed in New Jersey or Wisconsin have special rules for boxes **State tax withheld & State/Payer's state no.** and they need to be filled accordingly. [Learn more about these rules](#)
- You can print and mail the forms to IRS or file electronically with IRS using the 1099 E-File Service. [Learn more about filing options](#)
- The IRS requires you to e-file if you submit over 250 forms.

Form 1099-NEC


- Report nonemployee compensation, like the money you pay to an independent contractor who performs work for you.
- Furnish the form to the recipient by **January 31, 2022**.
- Print and mail the forms to IRS or file electronically by **January 31, 2022**.


[Get started](#)

Form 1099-MISC

- Report miscellaneous income such as rental income, royalties, and Native Americans gaming profits.
- Furnish the form to the recipient by **January 31, 2022**.
- Print and mail the forms to IRS by **February 28, 2022** or file electronically by **March 31, 2022**.

[Get started](#)

 **Don't have the forms to print and mail?**
You can order them here

 [Need more information?](#)

Common Wrong Form Error Attorneys



CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents \$	OMB No. 1545-0115 Form 1099-MISC (Rev. January 2022) For calendar year 20__	Miscellaneous Information
		2 Royalties \$		
		3 Other income \$	4 Federal income tax withheld \$	Copy B For Recipient
PAYER'S TIN	RECIPIENT'S TIN	5 Fishing boat proceeds \$	6 Medical and health care payments \$	
RECIPIENT'S name Street address (including apt. no.) City or town, state or province, country, and ZIP or foreign postal code		7 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>	8 Substitute payments in lieu of dividends or interest \$	This is important tax information and is being furnished to the IRS. 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 Crop insurance proceeds \$	10 Gross proceeds paid to an attorney \$	
		11 Fish purchased for resale \$	12 Section 409A deferrals \$	
		13 FATCA filing requirement <input type="checkbox"/>	14 Excess golden parachute payments \$	
Account number (see instructions)		15 Nonqualified deferred compensation \$	16 State tax withheld \$	17 State/Payer's state no.
			18 State income \$	



Proceeds from lawsuits

Attorney fees for services



CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		OMB No. 1545-0116 2021 Form 1099-NEC	Nonemployee Compensation
PAYER'S TIN	RECIPIENT'S TIN		
RECIPIENT'S name Street address (including apt. no.) City or town, state or province, country, and ZIP or foreign postal code		1 Nonemployee compensation \$	Copy B For Recipient This is important tax information and is being furnished to the IRS. 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.
		2 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>	
		3 \$	
		4 Federal income tax withheld \$	
Account number (see instructions)		5 State tax withheld \$	6 State/Payer's state no.
			7 State income \$

Common Wrong Form Error Prizes

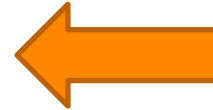


CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents \$	OMB No. 1545-0115 Form 1099-MISC (Rev. January 2022) For calendar year 20__	Miscellaneous Information
PAYER'S TIN		2 Royalties \$	4 Federal income tax withheld \$	
RECIPIENT'S TIN		3 Other income \$		
RECIPIENT'S name Street address (including apt. no.) City or town, state or province, country, and ZIP or foreign postal code		7 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>	8 Substitute payments in lieu of dividends or interest \$	
13 FATCA filing requirement <input type="checkbox"/>		9 Crop insurance proceeds \$	10 Gross proceeds paid to an attorney \$	This is important tax information and is being furnished to the IRS. 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.
Account number (see instructions)		11 Fish purchased for resale \$	12 Section 409A deferrals \$	
		14 Excess golden parachute payments \$	15 Nonqualified deferred compensation \$	
		16 State tax withheld \$	17 State/Payer's state no. \$	
			18 State income \$	

Miscellaneous Information

Copy B For Recipient



Prizes and awards that are not service related.
Example Raffle Winnings \geq \$600

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		OMB No. 1545-0116 2021 Form 1099-NEC	Nonemployee Compensation
PAYER'S TIN	RECIPIENT'S TIN	1 Nonemployee compensation \$	
RECIPIENT'S name Street address (including apt. no.) City or town, state or province, country, and ZIP or foreign postal code		2 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>	
Account number (see instructions)		3 4 Federal income tax withheld \$	
		5 State tax withheld \$	6 State/Payer's state no. \$
			7 State income \$

Copy B For Recipient

Prizes and Awards for Service Box 1



Use your software's 1099 module



1/3/22, 10:06 AM

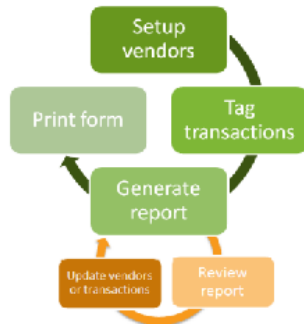
Get ready for 1099 season

Get ready for 1099 season

The 2021 tax forms, to be filed in the 2022 tax year, are available for you to purchase. Get ready for tax season and purchase your forms today.

1099 workflow

The basic flow for the 1099 process looks like this:



If you need help, we offer [on-demand training](#) and a [step-by-step guide](#) to help you through the process. If you have questions or encounter specific issues, be sure to check out our [troubleshooting topics](#).

Order forms

Perfectly aligned, the forms you'll find on the [intacct.dsa-direct.com](#) page are the *only ones we support*. Forms from other vendors frequently cause issues like improper print alignment. You can also access this vendor through the [Checks & Supplies](#) page in the Help Center.

Requirements

Subscription	Accounts Payable
Permissions	Form 1099 - Run 1099 Reports - Run
Dependencies or other requirements	1099s are for US-operating companies only.

In this release note:

Related help topics

[Order forms](#)

[Set up 1099 vendors](#)

[Troubleshoot](#)

[Step-by-step process guide to 1099](#)



Feedback

- Make sure all vendors are set up correctly;
- Review new vendors each year
- For print copies make sure you order the compatible forms
- Follow specific software processor guide

4. Box Errors; 2021 Box Changes



Box 13: FATCA Filing Requirement

Box 14: Excess Golden Parachute
(Example Director or Contractor is permitted to participate in an unqualified deferred compensation plan)

Box 10: Gross proceeds to an attorney

Box 12: Section 409A deferrals
(Example Directors or Contractors participating in a Plan that failed Section 409A)

Box 15: Nonqualified deferred compensation income (NQDC that does not meet 409A)

Boxes 16, 17, and 18 report state taxes withheld, state identification number, and amount of income earned in the state, respectively.

2021 1099-Misc



9595

VOID CORRECTED

Accounting System Mapping

System Setup

System Setup

Vendor W-9

Vendor W-9

Vendor W-9

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents \$	OMB No. 1545-0115 Form 1099-MISC (Rev. January 2022) For calendar year 20__		Miscellaneous Information Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the current General Instructions for Certain Information Returns.
		2 Royalties \$			
		3 Other Income \$	4 Federal income tax withheld \$		
PAYER'S TIN	RECIPIENT'S TIN	5 Fishing boat proceeds \$	6 Medical and health care payments \$		
RECIPIENT'S name		7 Payer made direct sales totalling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>	8 Substitute payments in lieu of dividends or interest \$		
Street address (including apt. no.)		9 Crop insurance proceeds \$	10 Gross proceeds paid to an attorney \$		
City or town, state or province, country, and ZIP or foreign postal code		11 Fish purchased for resale \$	12 Section 409A deferrals \$		
		13 FATCA filing requirement <input type="checkbox"/>	14 Excess golden parachute payments \$		
Account number (see instructions)		15 Nonqualified deferred compensation \$	16 State tax withheld \$		
		17 State/Payer's state no.	18 State Income \$		

2021 1099-NEC



CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. Be sure to use correct legal name		OMB No. 1545-0116 2021 Form 1099-NEC		Nonemployee Compensation Copy B For Recipient This is important tax information and is being furnished to the IRS. 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.
PAYER'S TIN Employer ID	RECIPIENT'S TIN	1 Nonemployee compensation \$		
RECIPIENT'S name Street address (including apt. no.) City or town, state or province, country, and ZIP or foreign postal code		2 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/> 3		
Account number (see instructions)		4 Federal income tax withheld \$ From IRS Form 945		
		5 State tax withheld \$	6 State/Payer's state no.	7 State income \$

5. Wrong TIN is a Big Deal!



- ▶ Payer is required to withhold 24% of a reportable payment if payee doesn't provide the correct TIN at the **time of payment**
- ▶ Payee Self Reported Errors are corrected as a Type II Correction
- ▶ Once a payer receives a "Notice of Possible Payee TIN Discrepancy" the payer is required to:
 - ▶ Request a W9 with correct tax ID and Start backup withholding immediately if any taxable payments are disbursed to the payee before receiving correct W9
 - ▶ Track whether a second notice is received within 3 years
 - ▶ If a 2nd notice is received, IRS requires the payer to backup withhold on any proceeds disbursed to the payee until IRS gives permission to stop, even if a Form W-9 is provided by a payee

Preventing TIN Errors



- ▶ Request a Form W9 **before** issuing payments subject to 1099 NEC or 1099 Misc Reporting
- ▶ Use TIN Matching Service to flag errors before submitting 1099s



Illustrated Example: Form W-9 & TIN



Form **W-9**
 (Rev. November 2017)
 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.

► Go to www.irs.gov/FormW9 for instructions and the latest information.

Print or type. See Specific Instructions on page 3.	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 of the person whose name is entered on line 1. Check only one of the following seven boxes.	<input checked="" type="checkbox"/> Individual/sole proprietor or single-member LLC	<input type="checkbox"/> C Corporation	<input type="checkbox"/> S Corporation
	<input checked="" type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership)	<input checked="" type="checkbox"/> Partnership	<input type="checkbox"/> Trust/estate	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) _____ <small>(Applies to accounts maintained outside the U.S.)</small>
	<input type="checkbox"/> Other (see instructions) ► _____			
	5 Address (number, street, and apt. or suite no.) See instructions.	Requester's name and address (optional)		
	6 City, state, and ZIP code			
7 List account number(s) here (optional)				

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number									

OR

Employer identification number									



TIN Matching



- ▶ What is TIN Matching?
 - It is a feature used to verify recipient EIN and SSN with IRS records.
 - TIN matching takes 24-48 hours with the IRS and can be done before submitting 1099's or at the time of submission.
 - Must Register to use TIN matching

Tin matching along with filing 1099



- Go to **Form>New Form**
- Choose Tax Year and Form Type
- Fill in the form and click save and continue(if you have more then one to file, click save and file another) After filling out the last form you need, click save and continue and this will take you to the submit forms screen.
- Find the 1099 form(s) you created by changing the 3 filters: Form, Tax Year, & Payer
- Select the box next to Tin Check to select all forms for TIN Matching. If you only want to TIN match a few then just select those forms under the TIN Check column to have the TIN Matching done for them.
- Press **Next** to pay the filing fee and submit to the IRS

Select Filings

Form: 1099-MISC Tax Year: 2013 Payer: Big Business

e-Filing Fee (1): \$ 2.90
 USPS Mailing Fee(0): \$ 0.00
 TIN Match Fee (1): \$ 0.99

Total: \$ 3.89

Download Multiple PDF Export To Excel Schedule All Vendor E-File Delete Selected

Date	TIN	Name	(\$)Amount	Recipient Email	USPS Mail	Email Recipient	TIN Check	Scheduled Date	Action
10/8/2014	333-33-3333	Smith	\$ 4500.00	No email address	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	10/08/2014	PDF Edit Delete

10 Items per page 1 - 1 of 1 items

Previous Next

Tin Matching before you submit your 1099



Using Tax1099.com complete the following steps:

- ▶ First, you will **Login**
- ▶ On the dashboard, click **People > Manage Recipient**, on the left-hand side.
- ▶ Choose a **Payer**. If you don't have one please add a payer and recipient now.
- ▶ Press on **Request TIN Match** for that recipient.

MANAGE RECIPIENT

Select Payer: Big Business LLC

Import Bulk Recipient Data From Excel
[Click Here](#) to download import template.

Select File:

Recipient	Address1	Tax ID	City	TIN Result	Action
John Smith	101 Accurate Ave	111-11-1111	Little Rock		<input type="button" value="Request W9"/> <input type="button" value="Request TIN Match"/> <input type="button" value="Edit"/> <input type="button" value="Delete"/>

10 Items per page 1 - 1 of 1 items



- Press **Ok** to confirm you want to proceed with TIN check. It will ask for payment for the TIN matching.
- After that, you will get a status and the date the TIN matching started
- If you need to submit the form before TIN matching is done, you can choose to **Block TIN Match Request**

TIN Result	Action
Processing	Request W9
Tue Oct 07 2014	Block TIN Match Request Edit
	Delete

- Once TIN matching has been processed, you will get an email (pictured below) confirming your results are available by logging into your account.
- If it's not a match, you can go back in and change it before you submit
- To view the results, go to **People>Manage Recipients**
- Choose the payer to pull up the recipients and to the right of the recipient name will be the results, **Accepted or Rejected**.
- **Using TIN matching before you submit your 1099's will keep you from submitting your 1099's until TIN matching is complete.**

6. Preventing Incorrect Information Errors



- ▶ Know the limits
 - ▶ At least \$600 in Services performed by someone who is not your employee (NEC Box 1)
 - ▶ At least \$10 in royalties (box 2) or broker payments in lieu of dividends or tax-exempt interest (box 8).
 - ▶ At least \$600 in other payments reported on 1099-Misc:
- ▶ Know which payments are excluded

Excluded Payments



- ▶ Generally, payments to a corporation (including a limited liability company (LLC) that is treated as a C or S corporation).
 - Does not include Corps that provide legal services
- ▶ Payments made by credit card
- ▶ Payments via PayPal
- ▶ Payments for merchandise, telegrams, telephone, freight, storage, and similar items.
- ▶ Payments of rent to real estate agents or property managers.
- ▶ Wages paid to employees (Reported on W2)
- ▶ Business travel allowances paid to employees
- ▶ Payments to a tax-exempt organization including tax-exempt trusts (IRAs, HSAs, Archer MSAs, and Coverdell ESAs), the United States, a state, the District of Columbia, a U.S. possession, or a foreign government.

Excluded Payments



- ▶ Scholarships and Fellowship Grants
- ▶ Prizes and awards received in recognition of past accomplishments in religious, charitable, scientific, artistic, educational, literary, or civic fields are not reportable if:
 - ▶ The winners are chosen without action on their part,
 - ▶ The winners are not expected to perform future services, and
 - ▶ The payer transfers the prize or award to a charitable organization or governmental unit under a designation made by the recipient.

Contractor's Reimbursed Expenses



- ▶ If an Adequate Accounting of the expenses is provided, reimbursed expenses are not reported on the 1099
 - ▶ Itemized invoice from contractor
 - ▶ Detailed description of the reimbursed expenses
 - ▶ Expense invoices/receipts provided if requested

7. Paper v E-File Error



- ▶ 250 is a per form count for each year
- ▶ There are regulations pending to reduce this number but have not been passed
- ▶ Most E-file services will mail out paper copies to recipients if requested which saves payer time and reduces risk of mailing errors
- ▶ E-file services mask SSN for better security

8. Not sending the 1096 When Paper Filing



- ▶ Form 1096 is a separate transmittal form required to be filed with the IRS when paper filing

Do Not Staple 6969

Form 1096		Annual Summary and Transmittal of U.S. Information Returns										OMB No. 1545-0108				
Department of the Treasury Internal Revenue Service												2022				
FILER'S name																
Street address (including room or suite number)																
City or town, state or province, country, and ZIP or foreign postal code																
Name of person to contact					Telephone number					For Official Use Only 						
Email address					Fax number											
1 Employer identification number			2 Social security number			3 Total number of forms			4 Federal income tax withheld		5 Total amount reported with this Form 1096					
									\$		\$					
6 Enter an "X" in only one box below to indicate the type of form being filed.																
W-2G 32	1097-BTC 50	1098 81	1098-C 78	1098-E 84	1098-F 03	1098-Q 74	1098-T 83	1099-A 80	1099-B 79	1099-C 85	1099-CAP 73	1099-DIV 91	1099-G 86	1099-INT 92	1099-K 10	1099-LS 16
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1099-LTC 93	1099-MISC 95	1099-NEC 71	1099-OID 96	1099-PATR 97	1099-Q 31	1099-QA 1A	1099-R 98	1099-S 75	1099-SA 94	1099-SB 43	3921 25	3922 26	5498 28	5498-ESA 72	5498-QA 2A	5498-SA 27
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Return this entire page to the Internal Revenue Service. Photocopies are not acceptable.
Send this form, with the copies of the form checked in box 6, to the IRS in a flat mailer (not folded).

9/10: Unreadable Paper Filing & Formatting Errors



- ▶ Do not handwrite 1099s
- ▶ Paper Copies are machine read
- ▶ Entries written in script, italic, spaced fonts and colors other than black cannot be read
- ▶ Do not use \$ sign or any special characters
- ▶ Use decimal points (1250.00 is correct; 1250 is incorrect)
- ▶ Do not enter 0 or None in money boxes (unless making corrections)
- ▶ Do not cut or separate Copies A
- ▶ Submit the entire page even if some forms are blank
- ▶ Send in a flat mailer; do not fold
- ▶ Do not staple or tape
- ▶ Do not try to change the title of any box

Other Tips



- ▶ The QuickBooks 1099 Wizard is not a real wizard
- ▶ Always save a PDF copy
- ▶ If Paper filing send IRS copies via Certified mail
- ▶ Be sure to select payment method when processing payables
- ▶ Review detail in key expense areas such as professional fees, rent, awards to flag errors
- ▶ Consider e-filing even if you have fewer than 250 forms
- ▶ Run a mapped payments and unmapped payments report to see if it makes sense

Example from QuickBooks



Vendor Name	Tax ID	Box 1: Rent	Box 7: Nonemployee compensation	Total Included on 1099	Total Unmapped Payments	Total
Another Dental lab	91-9876541	0.00	2,530.00	2,530.00	0.00	2,530.00
Cleanup Janitorial	222-22-2222	0.00	0.00	0.00	0.00	0.00
Dental Consulting	111-11-1111	0.00	825.00	825.00	0.00	825.00
Dental Group LLC	91-1941528	0.00	1,500.00	1,500.00	0.00	1,500.00
Dental Lab	91-1234567	0.00	0.00	0.00	0.00	0.00
My Attorney	91-0563789	0.00	625.00	625.00	2000.00	2 625.00
Rental People Management	46-1472583	6,650.00	0.00	6,650.00	250.00	6,900.00
TOTAL		6,650.00	5,480.00	12,130.00	250.00	12,380.00

Resources



For any questions, please reach out to
Karen Roche kroche@calibrecpa.com or
Earl McKay emckay@calibrecpa.com / 202-331-9880

Sources:

<https://www.irs.gov/pub/irs-pdf/i1099gi.pdf>

<https://blog.tax1099.com/comprehensive-guide-to-understand-form-1099-nec/#how-to-fill-1099-nec-boxes>



Not-For-Profit Webinar

CALIBRE CPA GROUP
JANUARY 12, 2022