

FAP 120-19-00
INTERNAL REVENUE SERVICE (IRS) FORM 1099 REPORTING

Section 6041 of the Internal Revenue Code (IRC) requires reporting of aggregate payments for services.

The IRS has assigned two (2) types of taxpayer identification numbers (TIN) to taxpayers for tax reporting. The two types of taxpayer identification numbers are (1) social security numbers for individuals, and (2) federal employer identification numbers for corporations, partnerships and all other entities. Every individual, business or government entity should have one of these numbers.

Related Attachments

Attachment 1	1099 Reportable Object Codes
Attachment 2	1099 Reportable Information

Form 1099-MISC:

For agencies using TIN 61-0600439, the Finance and Administration Cabinet's Division of Statewide Accounting Services shall gather the required information necessary to prepare and disseminate all 1099-MISC forms and related paper and electronic reports. The paying agency shall produce other 1099 types indicated in Attachment 2.

At the close of December each year, 1099-MISC information shall be recorded for all vendors paid for services rendered by agencies and institutions in TIN 61-0600439.

The Division of Statewide Accounting Services shall update and monitor the Vendor File to ensure accurate 1099 reporting status.

The Vendor File shall be used to store each payee's TIN and 1099 reporting status. This information is a required element when adding a vendor to the system.

Agency Responsibility for Accurate Use of Expenditures Object Codes:

Payments classified with objects that are potentially 1099 reportable shall be reviewed by agencies to insure correct classification of expenditures involving both services and materials. Only the portions of payments that are for services are 1099 reportable.

Division of Statewide Accounting Services Reporting Responsibilities:

At the end of each calendar year, the Division of Statewide Accounting Services shall produce all 1099-MISC forms required within TIN 61-0600439 for dissemination to vendors and the IRS.

Each covered vendor shall be provided with a 1099-MISC not later than January 31 as required by the IRS. Each agency and institution within TIN 61-0600439 shall receive a detailed report of all 1099 reportable payments to each vendor paid during the calendar year just ended. This report shall serve as an information resource for addressing inquiries from vendors or the IRS.

The 1099-MISC forms provided to the IRS shall be summarized on a Transmittal Form 1096 and submitted on electronic media no later than February 28, as required by the IRS.

An agency shall provide the Division of Statewide Accounting Services with the information required to produce corrected 1099s by July 15 of each year.

Responsibility for Payment of Penalties:

The IRS may impose penalties for failure to meet 1099 requirements. Ultimate responsibility for payment of penalties incurred as a result of errors and omissions lies with the agencies and institutions that prepare information containing 1099 reportable payments to vendors.

Training:

The Division of Statewide Accounting Services shall provide agency personnel with instruction about the collection, preparation, and reporting of 1099 information. Instruction shall be provided annually to all agencies and individuals. Agency training shall be provided as requested.

Finance and Administration Cabinet Manual of Policies and Procedures

Attachment 1

1099 Reportable Object Codes

E120	Deceased Employees Salaries & Wages	E252	Printing Paid to Vendor
E141	Legal Services	E253	Laundry & Cleaning
E142	Auditing Serv - Incl Fin Discl Rev Audit	E255	Advertising
E143	Architect & Engineering Services	E256	Garbage Collection
E144	Medical & Dental Services	E257	Services Not Otherwise Classified
E145	Prof Computer Services Outside Contr	E258	Armored Car Services
E146	Consulting Services	E356	Int Due from Fin or Treas for Late Pmt
E147	Advertising Services	E370	Interest Due to Late Payment
E148	Artistic Services	E406	Worker's Comp Award – Claim Interest
E149	Appraisal Services	E407	Worker's Comp Award – Attorney Fee
E150	Miscellaneous Services	E410	Public Defender Fees
E151	Expert Witnesses	E415	Prog Admin Costs - Outside Vendors
E152	Court Reporters	E419	Premiums/Awards/Prizes
E153	Key punch Services	E420	Prison Labor Allow - Pmt to Prisoners
E155	Court Designated Worker Services	E438	Local Jail - Restricted Medical
E158	Veterinarians Services	E439	Local Jail - Catastrophic Medical
E159	Actuarial Services	E441	Rehabilitation - Client Service Cost
E162	Security Guard Services	E446	Instructor/Student/Grant Stipends
E163	Janitorial Services - non employees	E450	Child Care Payments
E164	Honoraria	E453	Medical - Dental
E166	Lab Tests & Analysis Fees	E456	Hospitalization
E221	Rental - Non-St Owned Bldg & Land	E459	Dependent Care
E223	Rental of Equipment	E463	Medical Assistance Benefits
E224	Copy Machine Rental	E466	Other Benefits
E225	Computer Rental - Direct Pmt to Vendor	E472	Interest Paid on Debt
E228	Aircraft Charter - Non-St-Owned	E473	Trustee and Agent Fees
E229	Rentals Not Otherwise Classified	E541	Interest Earn on Judge/Ben
E231	Maintenance of Bldg and Grounds	E542	On-line Subscription Services
E232	Maintenance of Equipment	E613	Interest Due to Late Payment
E233	Copy Machine Maintenance	E701	Architect/Engineer Fees
E234	Computer Maintenance	E717	Land/Right of Way
E235	Maintenance of Vehicles	E718	Legal and Administrative Costs
E236	Repairs Not Otherwise Classified	E720	Rental of Buildings
E237	Highway Maintenance	E770	Interest Due to Late Payment
E238	Computer Software Maintenance	E791	Highway Right-of-Way (Misc.)
E239	Comm/Net Hardware Maintenance	E794	Highway Right-of-Way
E243	Other Parcel Delivery Service	E799	Highway Legal Admin Right-Of-Way

Finance and Administration Cabinet Manual of Policies and Procedures

Attachment 2

1099 Reportable Information

	Corporations/ Public Service Corporations	Individuals/ Partnerships/ Trusts/ Estates	Responsibility for Reporting
1099 Misc.			Division of Statewide Accounting Systems
Rent and Royalties		X	
Nonemployee Compensation for Services Rendered		X	
Fees for Professional Services		X	
Prizes and Awards		X	
Disability Payments		X	
Medical Payments to Doctors and Hospitals	X	X	
Salary Payments to Deceased Employees		X	
Scholarships Paid to Non- degree Candidates		X	
Scholarships to Degree Candidates in excess of tuition and course- related fees, books and supplies		X	
Foster Care Payments in excess of Cost of Care		X	
Legal Services	X	X	
1099 INT			
Taxable Interest Payments in excess of \$10		X	
1099 R			The Agency
Benefits Paid Under a Pension, Annuity of Retirement Plan		X	
1099 G			The Agency
Income Tax Refunds		X	
Unemployment Compensation		X	
1099 S			Division of Statewide Accounting Systems
Real Estate Transactions		X	