

FAP 120-19-00
INTERNAL REVENUE SERVICE FORM 1099 REPORTING

1. Section 6041 of the Internal Revenue Service (IRS) Code requires reporting of payments for services rendered aggregating \$600 or more in any calendar year. The Commonwealth's payments for services under Tax Identification Number (TIN) 61-0600439 are reported to the IRS by SAS, except for 1099-R forms used for retirement/pension benefit payments and 1099-G payments used for unemployment and tax refunds.
2. The IRS may impose penalties for failure to meet 1099 requirements. It is the responsibility of the agencies and institutions preparing information containing 1099 reportable payments to vendors to ensure errors and omissions are not made.
3. **Agency Responsibility for Accurate Reporting:**
 - a. Agencies shall ensure vendor file information is accurate. Information required for accurate 1099 reporting includes:
 1. Accurate vendor name (TIN name established with the IRS);
 2. Type of tax entity (individual, corporation, etc.);
 3. The vendor's TIN (social security number or federal identification number);
 4. The vendor's street address; and
 5. Proper classification of payments by using a 1099-reportable object code.
 - b. Any additions or changes to the vendor information required for 1099s shall be requested through SAS.
 1. Approval requires a signed Form W-9, "Request for Taxpayer Identification Number and Certification" (or acceptable equivalent) whenever those additions or changes affect any of the required elements on a W-9 form.
 2. The agency is responsible for maintaining the current W-9 forms (or acceptable equivalent) for vendor files setup outside of the normal processes.
 - c. Payments classified with objects that are potentially 1099 reportable shall be reviewed by agencies to ensure correct classification of expenditures involving both services and materials. Only the portions of payments that are for services are 1099 reportable.
 - d. An agency shall provide SAS with the information required to produce corrected 1099s by July 15 of each year.
4. **SAS Reporting Responsibilities:**
 - a. SAS shall maintain the object table to accurately classify service-related objects as 1099 reportable.
 - b. At the end of each calendar year, SAS shall produce 1099 forms and associated transmittal forms required within TIN 61-0600439 for dissemination to vendors and the IRS.
 - c. Each covered vendor shall be provided with a 1099 form no later than January 31, or the deadline established by the IRS.
 - d. SAS shall provide agency personnel with instruction about the collection, preparation, and reporting of 1099 information upon request.

Relates to: IRC Section 6041