AccountMate
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Article # 1171

Technical Note: 1099-Miscellaneous Reporting in AccountMate

Difficulty Level: Intermediate Level AccountMate User

Version(s) Affected: AccountMate 7 for SQL, Express and LAN
AccountMate 6.5 for SQL, MSDE and LAN

Module(s) Affected: AP, PR

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DESCRIPTION

Organizations engaged in trade or business must prepare and file 1099-MISC forms to report payments made to vendors or independent contractors for rent, services, royalties, or other various fees that are related to trade or business. Even non-profit organizations are required to report the payments made on transactions that qualify for 1099 tax reporting.

AccountMate allows you to record 1099 transactions, generate 1099 reports for internal purposes, and print the 1099 forms for tax reporting purposes. Below is a discussion on how to set up the 1099 requirements and create 1099 transactions. This document also provides information on the reports that pertain to 1099 records and transactions.

SOLUTION

There are two methods to record 1099 transactions in AccountMate. You can record 1099 transactions for vendors and for independent contractors in the Accounts Payable module. If you have the Payroll module, it is advisable that you record in this module 1099 transactions for independent contractors or for workers who are not your employees.

1099-MISC Reporting in the Accounts Payable Module

This section discusses the procedures for setting up the Accounts Payable module for 1099 transactions, recording of 1099 transactions, and generating relevant reports.

   A. Setting up 1099

   Before you can post 1099 transactions for your vendor, you must first define the 1099 settings and create 1099 vendor records in the Accounts Payable module by performing the procedures below:

1. Access the AP Module Setup function; then, in the Federal Tax ID field of the General (1) tab, specify your company's federal tax identification number. This Federal Tax ID is used in the 1099-MISC form that you file for tax reporting.

2. In the 1099 Setup tab of the AP Module Setup function, specify the minimum requirement for each 1099 payment type. For information on the minimum requirement of each 1099 payment type, refer to the Instructions for 1099-MISC document from IRS.

3. In the Vendor Maintenance function, create a vendor record. Be sure to perform the following:

   a. In the 1099 Type field of the Information tab, select the 1099 payment type that you want to assign to the vendor.

      Note: If you assign an N/A payment type, you cannot change the 1099 payment type when you create an AP invoice for the vendor.

   b. In the FEIN/SSN field of the Information tab, enter the Federal ID or Social Security number of the 1099 vendor. This information will be printed in the 1099 Form.

B. Recording 1099 Transactions

We recommend that you report manually all 1099 payments made to vendors prior to using the Accounts Payable module. After the AP module has been set up you may perform the following to record 1099 vendor payments that you will be making during the current tax year:

1. Access the AP Invoice Transactions function.

2. In the Information tab, accept or select a 1099 type for the transaction that you are creating.

   Note: The 1099 Type field is not accessible if you did not assign a 1099 type for the vendor in the Vendor Maintenance function.

3. If you did not apply payment when you create the AP invoice, approve the invoice for payment in the Apply Payment to AP Invoice function; otherwise, you may proceed to the next step.

4. In the Post Handwritten Check or Print Computer Check function, record the issuance of check to the 1099 vendor.

C. 1099 Reports

Below are the 1099 reports available for management purposes and for filing to the IRS.

1. 1099 Vendor Listing

   This report provides a complete list of the 1099 vendors and the 1099 payment type that you assign to each vendor record.

2. 1099 Payment Report

    Print this report to show the paid 1099 invoices that you recorded for vendors during the current and prior tax years.

3. 1099 Form

    This report is used for filing in compliance with federal tax reporting requirements. You can generate this report for vendors whose accumulated payment is greater than the minimum amount specified in the 1099 Setup tab of the AP Module Setup function.

1099-MISC Reporting in the Payroll Module

This section discusses the procedures for setting up the Payroll module for 1099 transactions, recording of 1099 transactions, and generating the relevant reports.

A. Setting up 1099

Before you can post 1099 transactions for your independent contractor, you must first create an independent contractor record in the Payroll module by performing the procedures below:

1. Access the PR Module Setup function; then, in the Federal ID field of the General (1) tab, specify your company's federal tax identification number. The Federal ID is used in the 1099-MISC form that you file for tax reporting.

2. In the Employee Maintenance function, create an employee record. Be sure to perform the following:

    a. In the Info tab, select the Contractor option.

    b. Click the 1099 Info button to display the 1099 Info window.

    c. In the Federal ID field, enter the independent contractor's Federal ID for tax reporting purposes.

        Note: If the independent contractor uses a Social Security number, you may enter that value in the SSN field of the Info tab. The system uses the value in the Federal ID field as the Federal ID when printing a 1099 form. In the absence of a value in the Federal ID field, the system uses the SSN value in the 1099 form.

    d. In the Current YTD Paid field, enter the total amount that you paid to the independent contractor for the current tax year prior to using the Payroll module. The system updates this field when you print or post a check for a 1099 transaction in the current tax year.

    e. In the Previous YTD Paid field, enter the total amount that you paid to the independent contractor for the year immediately prior to the current tax year; before you used the Payroll module. The system updates this field with the value in the Current YTD field when you perform W-2/1099 year-end closing.

B. Recording 1099 Transactions

For the 1099 payments that you made to your independent contractors during the current tax year but prior to using the Payroll module, you can post the value of these payments in the Current YTD field in the 1099 Info window of the Employee Maintenance function.

After the PR module is set up you can record 1099 payments that you will be making to an independent contractor during the current tax year by performing the following:

1. In the Additional/1099 Payments function, create a 1099 transaction record.

2. In the Apply Payroll/Payment function, approve the 1099 transaction record for payment. Be sure to select the 1099 Pay Type option; otherwise, the 1099 transaction record will not be available for selection.

3. In the Post Handwritten Check or Print Computer Check function, record the issuance of check for the independent contractor.

C. 1099 Reports

Below are the 1099 reports available for management purposes and the report required for tax reporting.

1. Additional/1099 Payment Report

   Print this report to obtain information on the 1099 transactions that you recorded, applied payment or paid to the independent contractors.

2. 1099 Report

   This report shows the paid 1099 transactions that you recorded for an independent contractor for the current or prior year.

3. 1099 Form

   Use this report for filing in compliance with federal tax reporting requirements.

AccountMate provides you with the ability to record 1099 transactions and print 1099 forms in compliance with 1099 tax reporting requirements. Be sure that you properly set up the 1099 minimum requirements and 1099 payment types are assigned to all transactions to which the regulations apply. When properly set up, AccountMate also enables you to generate 1099 reports that are essential for management analysis and for federal tax reporting purposes.

consequential, loss of business profits, or special damages, even if AccountMate has been advised of the possibility of such damages.