

An IRS Form 1099 is sent annually by Finance to vendors who are not incorporated and provide service/labor. In order to track the right amount for the calendar year, we need the staff that are entering requisitions or invoices to pay attention to the 1099 box.

Following are some screen shots, as well as a narrative below.

This paragraph is just background information. You don't need to concern yourself with it, but I wanted to explain it in case you are interested. When Deb in Accounts Payable sets up new vendors, she identifies whether they are 1099 eligible. This is based on what information the vendor sends to us on the IRS Form W-9. They certify how their business is set up (for example, if they are a sole proprietor, partnership, corporation, etc.). The following are criteria for when a vendor is 1099 eligible: (1) Receive rent payments and not incorporated, (2) Receive medical payments or attorney payments regardless if incorporated or not, and (3) Receive non-employee compensation for labor/service and are not incorporated.

The Tyler users making entries need to pay attention to the 1099 box on the general screen when they input the vendor into Purchasing and/or Accounts Payable. If the "Subject to 1099" box is not checked, then you don't need to do anything further regarding this issue. If the box is checked, then that should signal you to break out service/labor separately from goods/units, if there are any. For the service entry, make sure the "Subject to 1099" box is checked. For the goods entry, make sure the "Subject to 1099" box is unchecked.

Usually, the vendors we have huge contracts with are going to be incorporated, so you won't need to worry about them. The small payments for snow removal, lawn care, aerobics instructors, and certain repair work are probably not going to be incorporated. As part of the Finance Department review on your invoices, we will let you know if you missed breaking it out, but it will save time if you enter it correctly when making the initial entry.

Payable Inputs APPKTR0050 - 1099 Example

Vendor Name: BOH INFORMATION TECHNOLOGY LLC

Vendor Number: 121016

Vendor Set: 01

Vendor Sel: 01

19 S CENTER STREET STE 6
MARSHALLTOWN IA 50158-2873
USA

Total Payables: 0.00

Payable

Details

Vendor: 121016

Payable Type: Invoice

Payable ID: INV0001478

Reference: 1099 EXAMPLE

Bank Code: Operating - UB&T Operating

Payable Description: Example of 1099 vendor

Subject to 1099

Print on Separate Check

On Hold

Stub Comment: Notes

When Deb sets up vendor, if they are eligible this box will be checked. If not checked, do nothing different.

Payable Totals

Amount: 0.00

Shipping: 0.00

Sales Tax: 0.00

Total Payable: 0.00

Term Discount: 0.00

1099 Vendors -

- ① Rent Payments if vendor not incorporated.
- ② Medical Payments
- ③ Attorney Payments
- ④ Non-Employee Compensation
for service or labor
if vendor is not incorporated

Payable Invoicing APR (100) 11/31/16

Saves and Closes | Save and New | Delete | Print Screen | Help | Tel | Actions |

Vendor Name: BDH INFORMATION TECHNOLOGY INC.

Vendor Number: 1210016 | View Vendor Outstanding Invoicables | Use Default Post Date: 11/30/16 | Change Remittance Address: U.S.A. | Total Payable: \$1,000.00

Vendor Set: 01 - Vendor Set 01 | View Vendor Open Purchase Orders

Payable
Distribution
Item Entry
Shipping
Tax
Manual Payment
TCM

Commodity: Service - Service | Load Commodity Defaults

Purchased From: 1210016 | BDH INFORMATION TECHNOLOGY

Item Description: BDH service

Units: 1000000 | Price: 0.00000 | Amount: 10,000.00

Invoiced: 0.00 | Use Tax: 0.00 | Use Tax Input: 0.00

Shipping: 0.00

Sales Tax: 0.00 | Use Tax: 0.00 | Use Tax Input: 0.00

Overdue Sales Tax: 0.00

Total Item: 10,000.00

Term Discount: 0.00

Account: 001.60-12.5347.000 | CONTRACT-CMPTR TE. | Vendor Part No: *Non Employee Rent Medical Attorney*

Project Account: Split Distribution

Subject To 1099: 1099 Form Box: Non Employee

Add | Delete

Commodity Code	Item Description	Amount	Shipping Amount	Tax Amount	Term Discount	Total Amount	Account	Project A
Service	BDH service	1000000	0.00	0.00	0.00	10,000.00	001.60-12.5347.000	

Totals

10,000.00	0.00	0.00	0.00	10,000.00
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Print | Back | Home | Next | Previous | Help | Tel | Actions |

If this is an eligible 1099 vendor
 and you are paying for service, rent, medical or
 attorney, check the 1099 box.

4. Payable Input - APPKT0085 - 1099 Example

Save and Close | Save and New | Print Screen | Help | TCM | Actions |

Vendor Name: BDH INFORMATION TECHNOLOGY LLC

Vendor Number: 121010 | View Vendor Outstanding Payables | Use Default Post Date: 11/1/2016

Vendor Site: 01 - Vendor Site 01 | View Vendor Open Purchase Orders | Total Payable: \$30000

Payable **Commodity** **Units - Units** **Item Commodity Details**

Distribution **Purchased From** 121018 **BDH INFORMATION TECHNOLOGY LLC**

Item Entry **Item Description** Example of 1099 vendor - Goods

Shipping

Tax

Manual Payment

TCM

Involved **Units** 1.000000 **Price** 300.000000 **Amount** 300.00

Shipping **Amount** 0.00 **Use Tax**

Sales Tax **Amount** 0.00 **Use Tax Incl**

Override Sales Tax **Amount** 0.00

Total Item **Amount** 300.00

Term Discount **Amount** 0.00

Account 001.6021.5702.000 **Vendor Part No**

Project Account

Split Distribution

Subject To 1099 **1099 Form Box**

Add **Delete**

Commodity Code	Item Description	Amount	Shipping Amount	Tax Amount	Term Discount	Total Amount	Account	Project Account
Example	Example of 1099	300.00	0.00	0.00	0.00	300.00	001.6021.5702.00	
Totals		300.00	0.00	0.00	0.00	300.00		

If you are buying goods from the 1099 vendor, uncheck the box.