1099 Reporting in Version 6

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Overview

Using the 1099 function allows you to print 1099s on preprinted laser forms and produce a file for electronic transmission to the IRS.

1099s can be printed for owners, vendors and tenants. The process can be done at any time but the printing and magnetic media preparation should only be run after all transactions are posted for the calendar year. Only the transactions for the selected year will be considered. Printing onto the IRS designed forms may require some software adjustments to set the starting point on the page. Test print a few (at least 4) to assure the printing falls within the designated boxes. If your printer is not registering properly, refer to the Help on Adjust Printing in <<Environment Options>>.

The reported owner income is based on the net of all transactions for the year that have an [Account Type] of Taxable Income. The owner status is disregarded when determining 1099 candidates. Any owner – active or inactive – with the Send 1099 checkbox marked and with taxable income for the calendar year will be included.

Vendor amounts are determined by the net of all checks written during the year with that vendor as the payee. Checks posted to that vendor using the One Time Payee field are not included. Adjustments to the vendor totals can be posted using <<AP, Adjust Vendor Payments>>.

Tenant amounts are determined by the net of all released security deposit interest for the year.

Reporting Requirements
For tax reporting in 2020 there is a new form for reporting vendors. You must use form 1099 NEC rather than 1099 MISC for vendors.
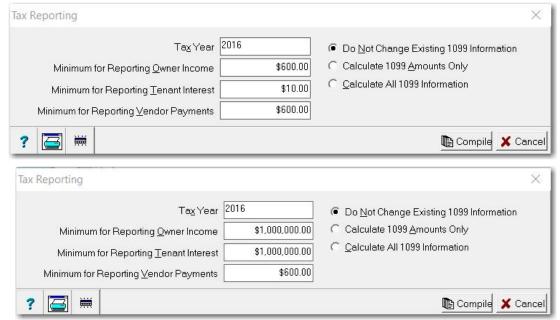
When filing for the tax year, the IRS is requiring that vendor 1099s (paper and electronic) be submitted by January 31. Owner electronic 1099s are due to the IRS by March 31. Paper 1099s for owners are due to the IRS on February 28. The procedure outlined in this document explains how to do that in Version 6.

NOTE: We recommend that you export to Version 12 and follow the steps to do 1099 reporting using that version. If you prefer to do the reporting in Version 6, see pages 7 and 8 at the end of this document for a summary of the steps.

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Preparing 1099s

For Vendors

Go to <<Mailings, Tax Reporting>>. Enter the tax year. The minimums are set per the tax code but are changeable. To compile for vendors, change the minimum for owners and tenants to 1,000,000.

For Owners and Tenants

Go to <<Mailings, Tax Reporting>>. Enter the tax year. The minimums are set per the tax code but are changeable. To compile for owners and tenants, change the minimum for vendors to 1,000,000.

For All

There are three options for compiling the tax information. Click the <Compile> button to perform the option you choose.

Do Not Change Existing 1099 Information
Use this option to print and reprint forms after you have verified that the calculated amounts and taxpayer information are correct. This is the default option.

Calculate 1099 amounts only
The owner/tenant/vendor name, address and taxpayer ID information will not be recompiled. Use this option after you have made changes to a taxable amount and are in the process of finalizing your reportable set.

Calculate all 1099 information
This option is used for the initial compilation or when you have made changes to taxpayer name, address and ID information or whenever you want to start over.

When the Preview 1099s screen displays you can review the list of potential 1099 recipients. The tabs at the bottom of the form let you view specific subsets of the line items. Clicking on any line will let you view details of that recipient.

Click the Below Minimum tab to see those that did not have sufficient reportable income to qualify for a 1099. Click on the line item to view the details.

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Click the Not Reportable Due to Error tab. If there are any line items listed, review each one and determine the changes that need to be made. The reason for not being reportable is noted in the Error field.

You cannot print 1099s until all errors are corrected, marked Skip or marked Do Not Print.

While previewing the 1099 list you can print the 1099 report for your records.

Correcting Errors

After compiling the 1099s, click on the Not Reportable Due to Error tab. If there are no line items skipped due to error you can proceed with printing 1099s.

Click on the line item with an error. This will put that line item into edit mode. The reason for the error will be indicated in the [Error] field. The most common reason is "Taxpayer Address Truncated". PROMAS allows more space for the address than the IRS does. Line 2 and Line 3 of the owner profile are combined onto one line for the 1099. If the number of characters exceeds 40 (the IRS limit) it is marked as an error.

To fix a "Filer Address Truncated" error go to <<Setup, Company>> and adjust the address. When you come back in to the 1099 function, click on <Calculate All 1099 Information> and the error will be gone.

Click on the <Edit 1099> button and then mark the <Override 1099 Information> checkbox to make the necessary changes. After making the adjustments, unmark the <Error in 1099 (will be skipped)> checkbox. Make the necessary adjustments to each of the Not Reportable line items.

These adjustments will not change the owner profile. Therefore, every time you compile with the "Calculate All 1099 Information" radio button marked, it will undo any adjustment you make. Once you start making corrections, compile using a radio button selection other than Calculate All 1099 Information.

Steps to Correct an Error
1. Select the Not Reportable Due to Error tab
2. Click on the line item
3. Click <Edit 1099> button
4. Mark the Override 1099 Information checkbox.
5. Make the necessary adjustments
6. Unmark the Error in 1099 (will be Skipped) button
7. Click Save

> NOTE: Once you make changes while editing, DO NOT use the <Calculate All 1099 Information> when reentering the 1099 function as it will undo your edits. If you <Calculate 1099 Amounts Only> your changes will be intact.

Create TIN Matching File

This function will create a *.txt file in the format required by the IRS to do a bulk name/Tax Payer ID match. TIN Matching allows you to cross check your information against what the IRS has to authenticate your information and avoid fines for incorrect information. To take advantage of this service you must create an IRS E-Services account. E-Services is a suite of internet based products that will allow tax professionals and payers to do business with the IRS electronically. These services are available 24 hours a day, 7 days a week.

Per IRS instructions, all special characters except -, & and space are stripped from the name field.

Test Printing

When you want to print test 1099s or only want to print 2 or 3 pages (printing only one page - 2 1099s - is not a good test), which is 4 or 6 1099s, do the following:
1. Compile the 1099s
2. Click the Mark All for No Printing button
3. Click on a line item you want to print
4. Unmark the Do Not Print checkbox for the ones you want to print
5. Click on the Printable tab to view the ones you have chosen to print.
6. Click on one of the Print buttons.

When testing, use plain paper or copies of a set you don't need - usually copy 2 or copy C.

Print 1099s

You cannot print 1099s until all errors are corrected, marked Skip or marked Do Not Print.

Click either the <Print Laser 1099s> button or the <Print Continuous Form 1099s> button. The forms are printed in three sets - Owners, Vendors, Tenants. The [1099 Form Type] field on the Ready to Print 1099 screen indicates which set starts with a new 1099 form. After you print the owners the Ready to Print screen will redisplay with a form type of Vendors (if any are to be printed). After printing vendors the screen will redisplay for tenants (if any).

To print a subset of the recipients use the <Mark All for No Printing> button, then unmark the <Do Not Print> checkbox for each one you want to print.

Laser Forms

Laser forms have two 1099s per page. The 1099 consists of a four sets: A-IRS copy; B-Recipients copy; C-payers copy; Copy 2-State copy. If your state requires five parts use a second Copy 2-State copy. *Laser forms are printed one set at a time*. First print the 1099s using the Copy 2-State copy set. Then print the other sets. You can print or reprint the 1099s as many times as you want.

Create Electronic File

If you file more than 250 records, you are required to file electronically. We recommend that because of the ease and convenience of filing electronically, everyone, regardless of the number or records, do so. The file created can either be uploaded to the IRS FIRE system.

Prior to submitting electronically you must have received a Transmitter Control Number and Name Control from the IRS. The form number used to get the codes is IRS form 4419. You can download this form from www.IRS.gov by doing a search on 4419. The PDF document is printable.

When you have finished editing and reviewing the 1099 records, and are ready to print the owner, state and file copies:

- Click on the Create Electronic Filing Output File button.
- Review the terms and click the <OK> button.
- The File Location designates the folder on your computer in which the IRSTAX file will be created. This is the file you will send to the IRS.
- Fill in the Electronic Filing Output File form.
    - o Transmitter Control Number – supplied by the IRS.
    - o Name Control – supplied by IRS. From IRS instructions:"The Payer Name Control can be obtained only from the mail label on the Package 1096 that is mailed to most payers each December. If a Package 1096 has not been received, you can determine your name control using the following simple rules or you can leave it blank: Use the first four significant characters of the business name. Disregard the word "the" when it is the first word of the name, unless there are only two words in the name. A hyphen (-) and an ampersand (&) are the only acceptable special characters. Names of less than four characters should be left-justified, filling the unused positions with a blank."
    - o Contact Name – your name
    - o Contact Phone Number – your phone number
    - o Contact Email Address – your email address
    - o Create a Test File – mark this checkbox if you want to send a test file to the IRS before sending the real file (optional).
- Verify the information in the protected fields.
- Click <Compile>.
- An information screen displays indicating the number of records and the file name and location of the file created. Make note of it and click <OK>.
- Click <Close>.

Transmit the Electronic File to the IRS Fire System

- Go to Links, IRS Fire System.
- Follow the IRS instructions.

Printing the Report

The report is printed from the Preview 1099 screen using the <Report> button. The 1099 report is divided into several sections. Each section is in ID sequence:

- owner - non-edited
- owner - edited
- vendor - non-edited
- vendor - edited
- tenant - interest - non-edited
- tenant - interest - edited
- not reported - (error)
- not reported - (below minimum)

Recommended Steps for 1099s in Version 6

Do Steps A (#1 and #2) and either B or C that follow.

A. Prior to January 31 - do steps 1 and 2 below

#1 - for All

1. Go to <<Mailings, Tax Reporting>>.
2. The Minimum for owners and vendors should say $600. If it doesn't, change it. Tenants should be $10. If it doesn't, change it.
3. Mark the Calculate All 1099 Information radio button.
4. Click Compile.
5. Click the Not Reportable Due to Error tab. Fix all errors (see page 3).
6. Print the report.
7. Click Print Laser 1099s.
8. Print Copy B for everyone - owners, tenants, vendors.
9. Mail Copy B to owners, tenants, vendors.

#2 - for Vendors Only

1. Go to <<Mailings, Tax Reporting>>.
2. Set the Minimum for Owners and Tenants to $1,000,000. Leave Vendors at $600.
3. Mark the Calculate 1099 Amounts Only radio button.
4. Click Compile.
5. Click Not Reportable due to Error tab. Fix all errors.
6. Print the report (optional).
7. Click **Print Laser 1099s** to print Copy A *OR* click **Create Electronic Filing Output File.**

Create Electronic Filing Output File:

a) Click OK. Verify information. Be sure the Create a Test File checkbox is unmarked.
b) Click Compile. Click OK.
c) Right click on the IRSTAX file that is highlighted, Left click on Rename. Rename to something like IRSTAX-Vendors-2016. Send to IRS.

OR

Print Laser 1099s:
a) Click OK.
b) Click Print.
c) Mail to IRS.

B. Prior to February 28 if you are mailing Copy A to the IRS

1. Go to <<Maillings, Tax Reporting>>.
2. Set the Minimum for Vendors to $1,000,000. Set Owners to $600 and Tenants to $10.
3. Mark the Calculate All 1099 Information radio button.
4. Click Compile.
5. Click Not Reportable due to Error tab. Fix all errors.
6. Print the report (optional).
7. Click Print Laser 1099s to print Copy A.
8. Send to the IRS.

C. Prior to March 31 if you are filing electronically for owners and tenants

1. Go to <<Maillings, Tax Reporting>>.
2. Set the Minimum for Owners to $600, Tenants to $10 and Vendors to $1,000,000.
3. Mark the Calculate 1099 Amounts Only radio button.
4. Click Compile.
5. Click Not Reportable due to Error tab. Fix all errors.
6. Print the report (optional).
7. Click **Print Laser 1099s** to print Copy A *OR* click **Create Electronic Filing Output** File.

Create Electronic Filing Output File:

a) Click OK. Verify information. Be sure the Create a Test File checkbox is unmarked.
b) Click Compile. Click OK.
c) Right click on the IRSTAX file that is highlighted, Left click on Rename. Rename to something like IRSTAX-Owners-2016. Send to IRS.

OR

Print Laser 1099s:

a) Click OK.
b) Click Print.
c) Mail to IRS.