

1099-MISCELLANEOUS – WHAT IS and IS NOT REPORTABLE

IMPORTANT: Information you report may fall under the Privacy Act of 1974, as amended, 5 U.S.C. 552a. Protect it.

The check data you report in the 1099 Tax Reporting Program (1099PRO) affects the merchant or individual's taxes. It is reported to the IRS. Review what you input.

INFORMATION NEEDED FOR INPUT INTO THE 1099PRO

Ask the merchant or individual to complete an IRS form W-9, Request for Taxpayer Identification Number and Certification, to obtain their tax filing information.

Information input:

- Merchant or Individual's Tax identification number (SSN or EIN). The identification number is *always* 9 numbers.
- Legal name of the merchant, vendor, or individual. This is the name they use when they file their taxes.
- Legal mailing address. This is the address they use when they file their taxes.
- Check number.
- Check amount.
- Date the check is written, **not** the date the check is cashed.
- A brief description of type of service purchased. This is used in the Item Description and helps determine which category to select in the program.

TIPS

- Have the merchant complete an IRS form W-9.
- Obtain the information from the merchant **BEFORE** you give them the check.
- If the merchant refuses to provide their TIN, name, or address, your agency may want to reconsider doing future business with the merchant.
- Input any dollar amount if check data meets the reporting criteria.
- Do not report the bank check fee. This is money the bank receives.

REPORTABLE IN 1099PRO

The **Category** field in 1099PRO determines which box the money is placed in on the IRS form 1099-MISC. Remember there are always exceptions to reporting. See Not Reportable for exceptions. Additional information can be found at www.irs.gov or email cco.checks@dfas.mil

1. Services

Category is NON-EMPLOYEE COMPENSATION. Most services reported in 1099PRO are Non-employee Compensation. Non-employee means a vendor, merchant, or individual who provides services for the government and is paid by the government, but is not considered a federal employee.

Examples of services

- Payments for parts or materials used to perform the services if supplying the parts or materials was incidental to providing the service.
- Maintenance and repairs to office machines, buildings, and equipment.
- Maintenance to lawn or vehicle.
- Personal, professional, and technical services including advertising, consulting, appraisals, architectural, auditing, accounting, computer programming, cleaning, engineering, laundry, or copying.
- Notary fees for a notary to notarize a document or payment for an employee to become a notary.
- Payments to instructors, teachers, trainers, training groups, choir directors, minister service, piano players, entertainers, speakers, legal adjudicators, and witness fees. This includes companies who administer tests.
- Privately owned colleges and privately owned universities
Note: Go to website <http://www.univsource.com> to determine if a college or university is public or private.
- Providers of conferences, registration fees, trainers or speakers. Most payments to Honoriums are reportable.

2. Rents

Category is RENTS. Examples of RENTS are:

- Renting booths or tables.
- Renting parking spaces.
- Renting equipment or tools.
- Renting boats, cars, buses, etc.
- Renting coin operated amusements including video games, pinball machines, jukeboxes, pool tables, slot machines, or other machines operated by coins.

3. Royalties

Category is ROYALTIES.

- Royalties such as those paid directly to an author or literary agent including copyrights and publishing rights.

4. Medical

Category is MEDICAL and HEALTH CARE PAYMENTS. Examples of medical and health services are:

- Hospital (private) fees and charges.
- Doctor or Physician assistant fees and charges.
- Payments for examinations.
- Payments for medical tests.
- Payments to Medical Boards which include payments for research fees or payment for an employee to register or join a specific medical board.
- Payments to dentists.
- Payments to dental assistants.

5. Not subject to self-employment tax

Category is OTHER INCOME.

- Payments for punitive damages in a lawsuit. This is very tricky so contact the IRS or our office for clarification on reporting before selecting this category.
- Payments that are not subject to self-employment tax.
- Payments made to test subjects for participating in medical studies.

TIP

The federal government must issue 1099-MISC to corporations whereas the commercial world does not. This confuses corporations; they think they are exempt when they are not.

NOT REPORTABLE IN 1099PRO

Do not report the check data if any of the below apply.

- **Credit or travel card payments.** Effective tax year 2011 - local banks issue IRS forms 1099-K for credit card and travel card payments.
- Merchandise, products, or goods.
- Reimbursements to federal or military employees such as uniform allowance and firefighting gear.
- Permanent Change of Station (PCS) damage claims.
- Bank fees.
- Stamps, Postage.
- Federal tax-exempt organizations/agencies such as the Boy Scouts or Red Cross. To verify an organization's exempt status use the IRS Exempt Organization Select Check at <http://apps.irs.gov/app/eos/> or ask them to provide a copy of their IRS ruling or determination letter (tax-exempt status letter) they received from the IRS and what states they have been approved to be federal tax exempt. If they cannot provide the IRS ruling or determination letter then report.
- Government agencies (federal, state, city, county, parish).
- **State owned (funded)** State colleges, community colleges, universities, high schools, and grade schools.
- Hospitals owned and operated by the United States, State, or the District of Columbia and any of their subdivisions.
- Utilities such as electric, gas, water, fuel oil, coal, bottled gas, and other fuels. Telephone and cell phone services and cable.
- Delivery services such as Federal Express, UPS, DHL, and all related small package transportation services.
- Safety deposit box – considered storage.
- Moving and Warehouse Storage - considered storage.
- Magazine or newspaper subscriptions.
- Attorney License.
- Internet/computer renewal license.
- Payment to a company to be bonded.
- Federal tax-exempt organization memberships to clubs, organizations and societies such as ASMC or AGA.

- Informer payments for information about criminal activity.

END OF THE CALENDAR YEAR

DFAS aggregates (adds together) the payment data reported in the 1099PRO for “like merchants”. This includes data input by personnel from the Army, Navy, Air Force, Marine Corps, Coast Guard, DFAS, and DLA. If the total payment amount is \$600 or more, we issue and mail that merchant or individual an IRS form 1099-MISC before January 31. We also electronically report the information to the IRS.