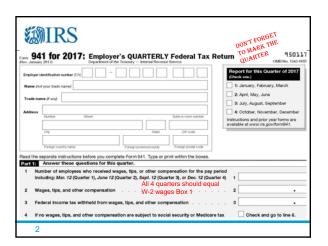


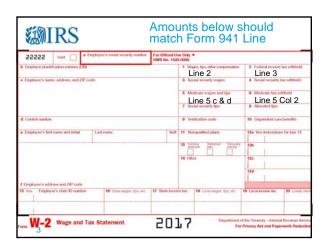
Form 941 & Form 1099

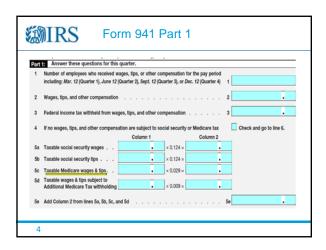
Tax Exempt & Government Entities

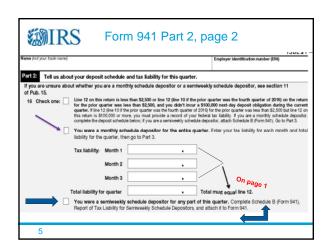
March 23, 2018

By Wendy Speelman Internal Revenue Agent











Schedule B

- Semiweekly depositor
- Schedule B total liability should match total liability on 941 (Line 12)
- Show liability amounts <u>not</u> the amount you deposited – not always the same
- · Attach to Form 941
- Complete EIN, Name, Year & Quarter



Special Filing Addresses for exempt organizations, federal state and local governmental entities; regardless of location

Form 941:

Without a Payment: With a Payment: Internal Revenue Service Department of Treasury P.O. Box 37941 Internal Revenue Service Hartford, CT 06176-7941 Ogden, UT 84201-0005

page 5 of Form 941 instructions



What to do at end of tax year?

- By January 31:
- File Form 941 quarter ending 12/31
- Furnish W-2's to employees
- Furnish 1099's to recipients
- File W-2's and W-3 with SSA
- File 1099's & 1096 with IRS



Form W-2 Reminders

- Boxes 1, 3, and 5 may not be the same
 - · Box 3 SS wages could be zero
 - Box 5 Medicare wages could be greater than Box 1, wages
- Box 1 Wages includes all taxable wages:
 - fringe benefits, including non-cash fringes
 - taxable benefits from a 125 plan
 - other compensation (awards, stipends, etc.)



Form W-2 Reminders

- Box 12 Deferrals
 - check W-2 instructions for codes, use most current revision
 - If only one code, put in Box 12a, even if code is D. Codes do not relate to boxes.
 - Taxable GTLI over \$50,000; 457(b); non-taxable sick pay
- Box 13 Retirement indicator



W-2/W-3 Review

- If file Form W-2s then must file form W-3
- File Copy A of forms W-2 and W-3 with Social Security Administration
 - Make a copy of form W-3 to keep
 - Do NOT staple or tape form W-3 and forms W-2
- Keep Copy D of W-2 forms
- Copy 1 to State, City, or Local tax department
- Furnish Copies B, C, and 2 of forms W-2 to **Employees**



SSA Website

- www.ssa.gov/employer
 - Free service
 - File W-2 & W-2C online
 - Verify Employee's SSN
- · Need to Register
 - Select Business Services Online (on right)
 - Select Register



File W-2's On-line with SSA

- Create and file "fill-in" versions of Forms W-2 with SSA
- Print out completed copies for employees and for your records
- Form W-3 will be created based on Form W-2s that were inputted
- Don't need to mail W-2 or W-3 to SSA
- · Get confirmation forms were filed

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What is a 1099-MISC Form?

- Form required to report payments for each person paid during the year:
 - Services performed by someone who is not your employee
 - Rents
 - Other Income Payments

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What Is Reported on Form 1099?

- Payments of \$600 or more per calendar year
- Paid in the course of your trade or business
- For Services and not supplies
- Payments to Sole proprietor, partnership, or trusts
- Payments to Corporations if:
 - attorney or health & medical

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Payments to Attorneys

- Payments to attorneys includes law firms or other providers of legal services
- Attorney Fees are reported in Box 7
- Gross Proceeds paid to attorney are reported in Box 14 (Settlement Agreement)
- If the attorney is an employee then wages are reported on Form W-2

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Medical & Health Care Payments

- Medical & Health Care Payments are reported in Box 6
- If payment is made to corp.:
 - list corp. as recipient rather than individual providing service
- Exclude reporting payments to:
 - Pharmacies Tax-exempt hospitals
 - Extended Care Facility

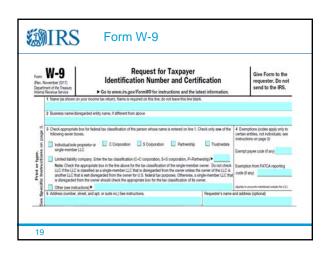
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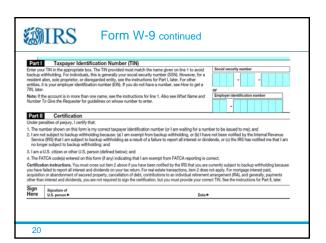


Form W-9

- Provide to every vendor who performs services for your entity (not merchandise)
- Use to request the taxpayer identification number (TIN such as SSN or EIN)
- Identifies type of business
 - Sole proprietor, partnership, Corp.
- Substitute form is acceptable if:
 - Its content is substantial similar to W-9

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MIRS

W-9 & Backup Withholding

- Solicit Form W-9 when establishing vendor or prior to payment being made
- Payments subject to Backup Withholding (BUW) when:
 - The payment is \$600 or more and
 - The payee failed to furnish his TIN or
 - The Secretary notified the payor the TIN furnished by the payee is incorrect



Backup Withhold (BUW)

- Withhold Federal Income Tax @ 24% from the reportable payment to the payee
- Report BUW on Form 945, Annual Return of W/H Federal Income Tax (FIT)
- Report in Box 4 on Form 1099 the FIT Withheld
- Publication 1281, BUW for Missing & Incorrect Name/TIN(s)



EXAMPLES Examples when to issue Form 1099

- Lawn care and Tree Service
- Vehicle repair
- Repairs to building- painting, windows, electrical, plumbing, roof, etc.
- Advertising in Newspaper
- Presenter/speaker
- Accountant, Attorney if not your employees



WIRS Examples when not to issue Form 1099

- Products/Merchandise
- Telephone
- Storage
- Tax-exempt organizations
- Corporations unless:
 - Medical or Attorney
- Wages or employee business expense reimbursements

MIRS

- LLC
- LLC = Limited Liability Company
 - Not necessarily a corporation
- Could be corporation, partnership or disregarded entity (sole proprietor)
- Use current version of W-9 (Dec. 2017)
 - Separate line for LLC to mark if Partnership, Corporation or S Corp.

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劉IRS

TIN Matching Program

- E-service product on the IRS website
 - · Enter TIN Matching in search box
- Matches 1099 payee information with IRS records prior to submitting forms
- Decrease BUW & Penalty notices
- Must register with E-Service & TIN Matching
- Pub. 2108-A, On-Line TIN Matching Program

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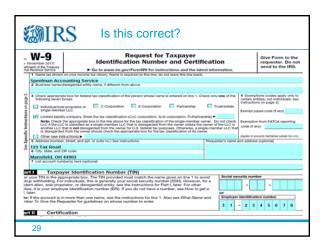
Penalties on Form 1099

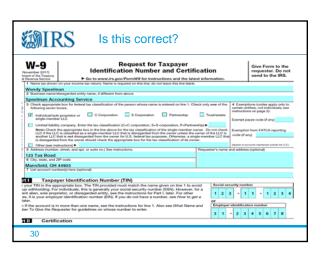
- Failure to File Correct Information Returns Failure to Furnish Correct Payee Statements
- Each penalty is per information return
- \$50 if filed within 30 days
- \$100 if filed 31 days late Aug. 1
- \$260 if filed after 8/1 or not at all
- Adjusted for inflation as of 1/1/16



Instructions for Form 1099

- IRS.GOV
- Forms & Instructions Tab (at the top)
- In the search box:
 - · General Instructions for Information Returns



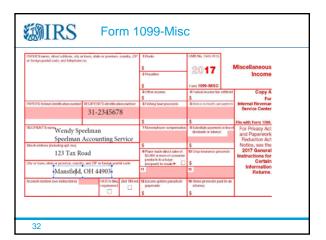




Question

• How should the Form 1099 be prepared for Recipient's name and TIN?

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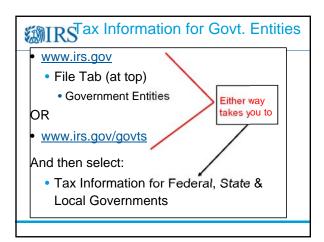




Form 1099 Reminders

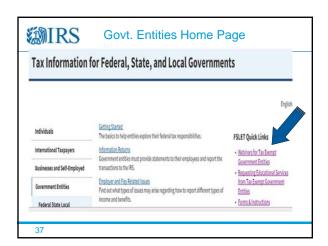
When the individual/sole proprietor or single member LLC box is checked on Form W-9:

- The individual name must be used
- It's optional to put DBA name under the individual name
- EIN or SSN can be used









How to Find Webinars/Videos

- FSLG Quick Links (far right side of home page)
 - Webinars for Tax Exempt Governments Entities
 - · Federal, State & Local Governments
 - Recorded Events

OR

irsvideos.gov/governments/employers







