INFORMATIONAL CIRCULAR NO. 00-A-012

DATE:	December 27, 1999
SUBJECT:	Procedures for filing 1999 Form 1099 Information Returns
EFFECTIVE DATE:	December 28, 1999
A & R CONTACT:	Don Beck (785) 296-7291 don.beck@da.state.ks.us
APPROVAL:	approved by Shirley Moses

Agencies of the State of Kansas are considered to be a single payer by the Internal Revenue Service (IRS) and payment information is required to be filed by one transmitter. In addition, federal laws and regulations require the filing of information returns to be submitted by magnetic media. In order to comply with the reporting requirements of the IRS and to avoid the assessment of penalties, the Division of Accounts and Reports will transmit all 1999 calendar year 1099 information returns for the State of Kansas on magnetic tape.

Some payments by state agencies are IRS reportable but are not included in the Statewide Accounting and Reporting System (STARS) or required data is not provided by STARS. These payments require unique reporting procedures. Such expenditures include certain interest payments, State Fair premiums and purchases of real property.

Locally administered interest payments exceeding $10 are to be reported on Form 1099-INT. An example of these payments is interest paid from trust funds to clients by institutions like the Department of Social and Rehabilitation Services and the Department of Corrections.

IRS regulations require the State of Kansas to report on Form 1099-S any purchases of real property exceeding $600. Additional requirements for this form include a description or address of the property and the closing date of the purchase transaction. (Rental and construction costs are *not* to be included).

State Fair premiums are to be reported on form 1099-MISC.

Procedures for handling 1099 information returns for calendar year 1999 are as follows:

1. Agencies that have made expenditures as described, will be responsible for the preparation and delivery of the appropriate 1099 forms to the payees prior to January 31, 2000. Do *not* mail forms directly to the IRS or to the Kansas Department of Revenue.
2. Agencies reporting applicable purchases of real property may submit the IRS and/or the State of Kansas *copies* of the 1099-S forms to the address below, and the Division of Accounts and Reports will key this information onto magnetic tape. For those agencies

with other expenditures to report, the DA-43 form (http://www.da.ks.gov/ar/forms), or a form of your own design with the same basic format, should be used. All data should be remitted by February 15, 2000 to:

Division of Accounts and Reports
Central Accounting Services Section
900 SW Jackson, Room 351-S, LSOB
Topeka, Kansas 66612-1248

Attention: Don Beck

3. Agencies may submit data to the Division of Accounts and Reports on magnetic media in lieu of paper. However, the Division of Accounts and Reports should be contacted for proper reporting format. In addition, a completed Transmittal Form 4804 is necessary, as well as, the following information on the Media Label: operating system/hardware, type of returns, number of payees, and transmitter's number for media.
4. The Division of Accounts and Reports will consolidate the data received from state agencies on magnetic tape. The tapes will be forwarded to the IRS National Computer Center prior to February 29, 2000.
5. If any agency finds it necessary to issue a corrected information return, the payee should be provided a copy as soon as possible. The IRS copy of the corrected form (marked "corrected") should be forwarded promptly to the Central Accounting Services Section of the Division of Accounts and Reports.