|  |  |
| --- | --- |
| **INFORMATIONAL CIRCULAR NO. 15-A-003** | Supersedes:14-A-003 |

|  |  |
| --- | --- |
| **DATE:** | November 17, 2014 |
| **SUBJECT:** | Procedures for filing 2014 Form 1099 Information Returns for non-SMART payments. |
| **EFFECTIVE DATE:**  | Immediately |
| **CONTACT:** | Elaine Harris | (785) 296-7458  | Elaine.Harris@da.ks.gov |
| **APPROVAL:** | Melissa Fuhrman (original signature on file) |
| **SUMMARY:** | Procedures for Filing Calendar Year 2014 Form 1099 Information Returns for non-SMART payments and payments in SMART without the required 1099 information.  |
|  |

* **Requirements to report payments where the 1099 data was not recorded in SMART**:
	1. The vendor/client must be in the SMART vendor table.
	2. All reportable payments must be submitted via ServiceDesk using the EXCEL template referenced below
	3. All payments reported through the Office of System Management will be processed through SMART. Paper 1099s are generated and mailed to the vendors. The 1099 information will be electronically submitted to the IRS.

*There is* ***NO*** *option for the agency to print the forms and have the Office of System Management report to the IRS*.

**Below are the policy and procedures.**

While most 1099 transactions are recorded in the Statewide Management, Accounting and Reporting Tool (SMART), and require no additional action by state agencies; there are some payments that occur outside of SMART or the information to be reported to the IRS is not in SMART. These transactions result in unique reporting procedures comprised of the following:

* 1. Locally administered interest payments of $10 or more are to be reported on IRS Form 1099-INT. These payments typically represent interest paid from trust funds to clients of institutions with the Department for Aging and Disability Services and the Department of Corrections.
	2. State Fair premiums are to be reported on Form 1099-MISC.
	3. Other payments such as non-employee awards not paid directly to the recipient from SMART.
	4. Note that purchases of Real Property are now reported in SMART, and require the appropriate SMART preferences to record the appropriate data.

To report non-SMART payments for form 1099 purposes the agency will need to confirm the vendor is in the SMART vendor table with the appropriate 1099 type and class, and withholding is turned on. If the vendor is not in the vendor table, the agency must add the vendor to SMART including the appropriate 1099 type and class, and turn withholding on.

Complete the EXCEL template “**PS\_WTHD\_TRAN\_TBL\_update\_template**” (Excel file attachment included at the bottom of this circular) for all non-SMART 1099 reportable payments. The completed template needs to be received by the Office of System Management by **January 13, 2015** to ensure the 1099s are distributed by the January 31, 2015 deadline.

The template has the columns listed below. Do not insert or delete columns or rows. Do not change the formatting. Beginning with line 2 (replacing the sample data), complete one line for each payment (add lines as necessary for additional withholding types/classes). The gray columns are defaults and should not be changed. If 499 lines are not sufficient, copy line 500 down. When completed, attach the EXCEL spreadsheet to a Service Desk ticket with the heading “non-SMART 1099”. *Note if you have leading zeros precede them with an apostrophe ‘, i.e. vendor id ‘0000123456.*

BUSINESS\_UNIT: 5 characters must have leading zeros (your agency number)

WTHD\_ENTITY: IRS

WTHD\_TYPE: as listed in the vendor table (1099, 1099I, 1099G, 1099D)

WTHD\_JUR\_CD: FED

WTHD\_CLASS: as listed in the vendor table, with leading zeros.

WTHD\_RULE: RULE0

VENDOR\_SETID: SOKID

VENDOR\_ID: 10 digits with leading zeros, as assigned by SMART .

VNDR\_LOC: the vendor location with the appropriate 1099 type and class, usually 001, with leading zeros

ADDRESS\_SEQ\_NUM: 1

PYMNT\_ID: Blank

VNDR\_REGIST\_ID: SSN or FEIN, 9 digits including leading zeros

PYMNT\_DT: date of payment, mm/dd/yyyy format

WTHD\_DECL\_DATE: Same as date of payment

WTHD\_BASIS\_AMT: The taxable amount for this 1099 type and class for 2013.

DESCR100: 100 characters of your choice – no punctuation, no special characters

**Additional Resources**:

Training guide for setting up vendors for 1099 reporting and an account code guide:
[Training Guide and Account Code Guide](https://smartweb.ks.gov/docs/default-source/ap---vendors---training-guides/1099-and-witholding-information.pdf?sfvrsn=2)

IRS guide to each type of 1099, including the payments for each:
[IRS Guide to Types of 1099's](http://www.irs.gov/uac/Information-Returns-by-Form)

Page 6 and 7 of the job aid “Create a 1099 Voucher” has Examples of payments by 1099 type and class:
[Create a 1099 Voucher Job Aid](http://smartweb.ks.gov/docs/default-source/ap---vouchers---job-aids/create-a-1099-voucher.pdf?sfvrsn=4)

SMART withholding codes:
[SMART Withholding Codes Job Aid](http://smartweb.ks.gov/docs/default-source/ap---vouchers---job-aids/witholding-codes.pdf?sfvrsn=4)

Attachment: [IC 15-a-003 - PS\_WTHD\_TRAN\_TBL\_update\_template](https://admin.ks.gov/docs/default-source/osm/osm_ic_fy2014_accounting/ic-14-a-003---ps_wthd_tran_tbl_update_template.xlsx?sfvrsn=2)