

INFORMATIONAL CIRCULAR NO. 21-A-007 Supersedes:20-A-005

DATE: December 30, 2020

SUBJECT: Procedures for filing 2020 Form 1099 Information Returns for non-SMART payments

EFFECTIVE DATE: Immediately

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SUMMARY: Procedures for Filing Calendar Year 2020 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 supplier/client must be in the Statewide Management, Accounting and Reporting Tool (SMART) Supplier table.
2. All reportable payments must be submitted via ManageEngine Service Desk using the EXCEL template referenced below.
3. The Office of Accounts and Reports processes the payments submitted via ManageEngine Service Desk using SMART. SMART generates the paper 1099s which are mailed to the suppliers. The 1099 information is electronically submitted to the IRS.

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

Policy and procedures:

While most 1099 transactions are recorded in 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. Other payments such as non-employee awards not paid directly to the recipient from SMART.

To report non-SMART payments for Form 1099 purposes the agency must confirm the supplier is in the SMART Supplier table with the appropriate 1099 type and class, and ensure that withholding is turned on. If the supplier is not in the Supplier table, the agency must add the supplier to SMART including the appropriate 1099 type and class and turn withholding on.

Complete the EXCEL template “**PS_WTHD_TRAN_TBL_update_template**” (link to the Excel document is 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 Accounts and Reports by **January 8, 2021** to ensure the 1099s are distributed by the February 1, 2021 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 ManageEngine Service Desk ticket with the Title “Non-SMART 1099”. *Note if you have leading zeros precede them with an apostrophe (e.g. Supplier ID ‘0000123456’).*

BUSINESS_UNIT: 5 digits with leading zeros, as assigned by SMART (agency number)

WTHD_ENTITY: IRS

WTHD_TYPE: as listed in the supplier table (1099M, 1099N, 1099I, 1099G)

WTHD_JUR_CD: FED

WTHD_CLASS: as listed in the supplier table, with leading zeros.

WTHD_RULE: RULE0

SUPPLIER_SETID: SOKID

SUPPLIER_ID: 10 digits with leading zeros, as assigned by SMART.

SUPPLIER_LOC: the supplier location with the 1099 withholding type and class entered in column C and E, usually 001, with leading zeros

ADDRESS_SEQ_NUM: 1

PYMNT_ID: Blank

SUPPLIER FEIN OR SSN: 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 2020.

DESCR100: 100 characters of your choice – alpha and numerical characters only (no punctuation, no special characters)

Additional Resources:

Training guide for setting up suppliers for 1099 reporting and an account code guide:
[1099 and Withholding Training Guide](#)

IRS guide to each type of 1099, including instructions for each:
[IRS Online Instructions for Forms](#)

[PS WTHD TRAN TBL update template](#)