|  |  |
| --- | --- |
| **INFORMATIONAL CIRCULAR NO. 18-A-005** | Supersedes:17-A-006 |

|  |  |
| --- | --- |
| **DATE:** | November 14, 2017 |
| **SUBJECT:** | Procedures for filing 2017 Form 1099 Information Returns for non-SMART payments. |
| **EFFECTIVE DATE:**  | Immediately |
| **CONTACT:** | Elaine Harris | (785) 296-7458  | Elaine.Harris@ks.gov |
| **APPROVAL:** | Nancy Ruoff (original signature on file) |
| **SUMMARY:** | Procedures for Filing Calendar Year 2017 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 Service Desk using the EXCEL template referenced below
	3. The Office of the Chief Financial Officer processes the payments submitted via 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 the Chief Financial Officer 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 the Chief Financial Officer by **January 11, 2018** to ensure the 1099s are distributed by the January 31, 2018 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. supplier id ‘0000123456.*

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

**WTHD\_ENTITY:** IRS

**WTHD\_TYPE:** as listed in the supplier table (1099, 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 2017.

**DESCR100:** 100 characters of your choice – 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](http://smartweb.ks.gov/docs/default-source/ap---vendors---training-guides/1099-and-withholding-training-guide6c2e4d50bf186b8d81eeff00009d2de6.doc?sfvrsn=4)

IRS guide to each type of 1099, including instructions for each:
[**IRS Online Instructions for Forms**](http://www.irs.gov/instructions/index.html)

SMART withholding codes:
[SMART Withholding Codes Job Aid](http://smartweb.ks.gov/docs/default-source/ap---vouchers---job-aids/1099-withholding-codes-job-aid.pdf?sfvrsn=4)

Excel withholding template:

IC 18-A-005-PS\_WTHD\_TRAN\_TBL\_update\_template