Specialized Data Systems

2022 1099 Processing

Revised 11/22/2022

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SPECIALIZED DATA SYSTEMS
A LINQ SOLUTION

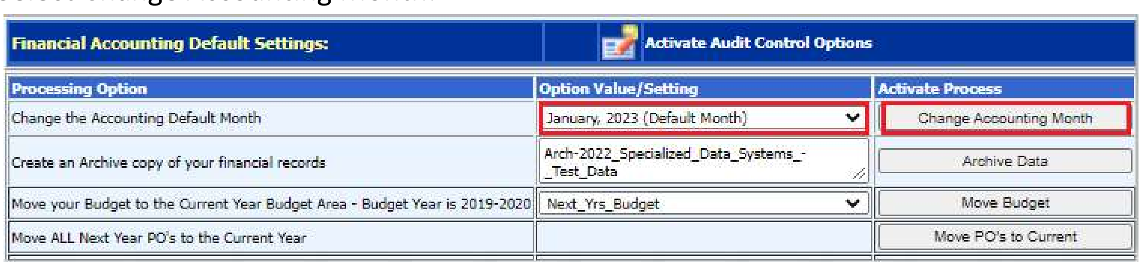
WELCOME

Thank you for attending the 2022 1099 Online Course. This manual explains 1099 processing for 2022. If at any time during the course you have a question, please feel free to contact SDS support by going to https://help.linq.com and we are here to help! We hope you enjoy the course.

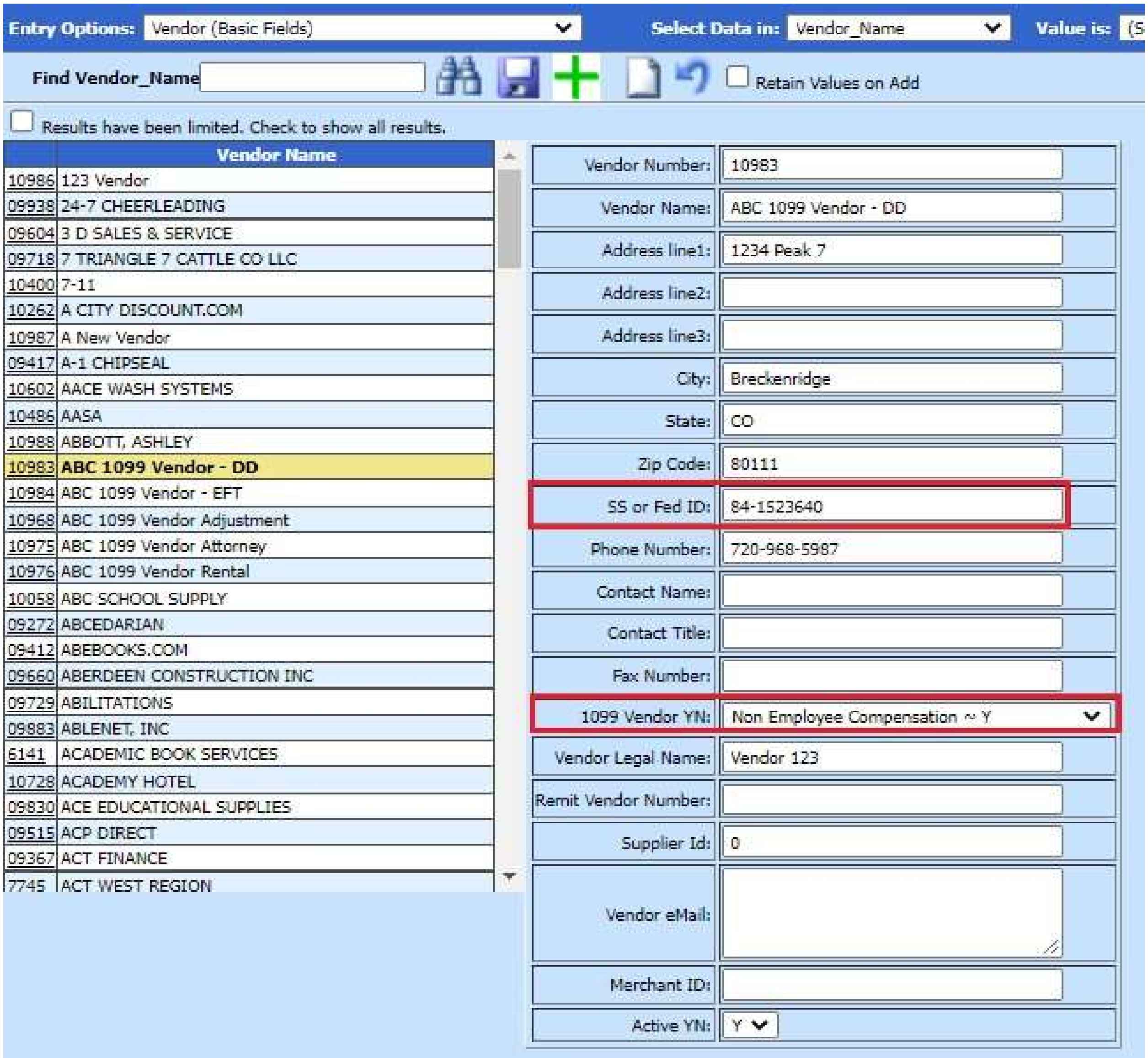
1099 Processing for 2022

1099 Production Setup

1. The 1099 report uses the Last Yr 1099 Amount field from the Vendor Master.
2. The finance month needs to be moved from December to January. When this process is completed, the system moves the amounts from the current calendar year field to the Last Yr 1099 Amount field.
3. To move the month:
    a. Select General Ledger Processing and Entry Options.
    b. Select Finance Month and Auditor Control Options.
    c. Select the drop down next to Change the Accounting Default Month. Choose the month to January.
    d. Select Change Accounting Month.



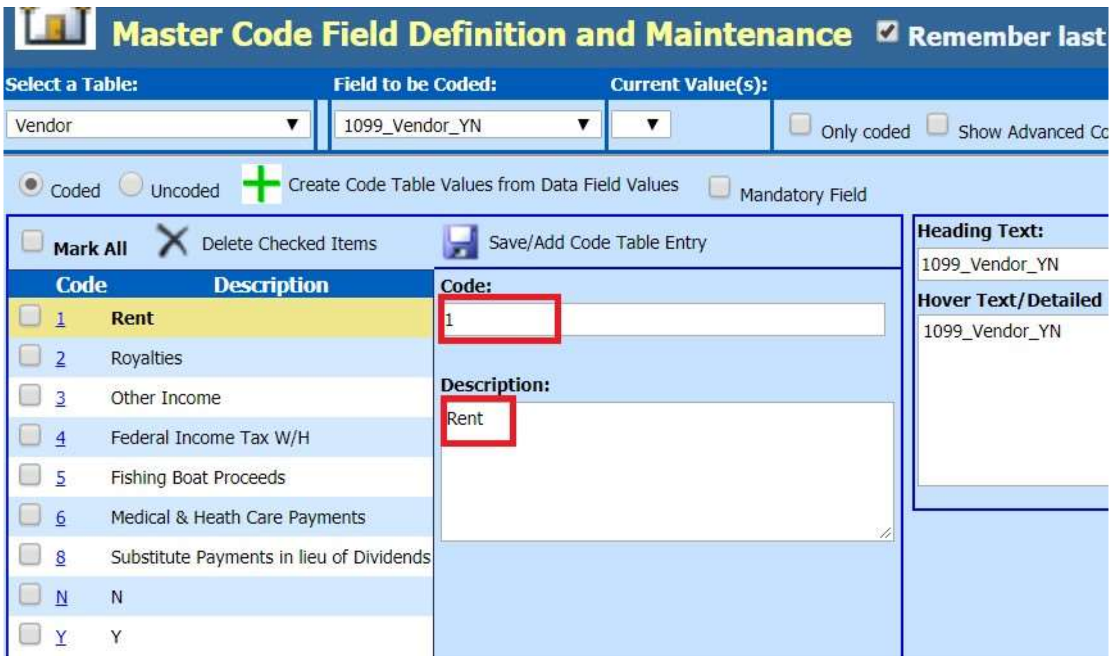
4. Vendors that are to receive 1099's must have two fields filled in under the Vendor Master File area.
    a. Select Master File and Code Entry Changes.
    b. Select Master File Vertical Data Entry and Changes.
    c. Select from the drop down next to entry options the "Vendor (Basic Fields)" view.
5. The first field that is required is the "SS" or "Fed Id." This field is the vendor's social security number or Federal ID number.
6. The second field that is required is the "1099 Vendor YN". This field must have one of the following codes entered for a 1099 to be produced. The code indicates in which box the 1099 amount prints.



- Box 1: Rents, enter a 1.
- Box 2: Royalties, enter a 2.
- Box 3: Other Income, enter a 3.
- Box 4: Federal Income Tax withheld, enter a 4.
- Box 5: Fishing Boat Proceeds, enter a 5.
- Box 6: Medical and Health Care Payments, enter a 6.
- Box 7: Non-Employee Compensation, enter a Y (Listed on 2022 NEC form).
- Box 8: Substitute Payments In lieu of Dividends or Interest, enter an 8.
- Box 10: Gross proceeds paid to an Attorney, enter an A.

7. To add a code to a drop down such as the “1099 Vendor YN” field:

a. Select Administrative Utilities.
b. Select Master Code Field Definition and Maintenance.
c. Select a Table: Select the Vendor table.
d. Field to be coded: Select 1099_Vendor_YN.
e. Add Code in the “Code” field and add the “Description”.
f. Select Save/Add Code Table Entry, to save the new record.
g. This item is available to use in the drop down in the 1099 Vendor YN field.



10. To verify the vendors and totals, review the Vendor Federal 1099 Detail Report.
a. Select Reports.
b. Select General Accounting Reports.
c. **1** Select a Report Group: Vendor and Order For.
d. **2** Select a Report: Vendor Federal 1099 Detail Report.

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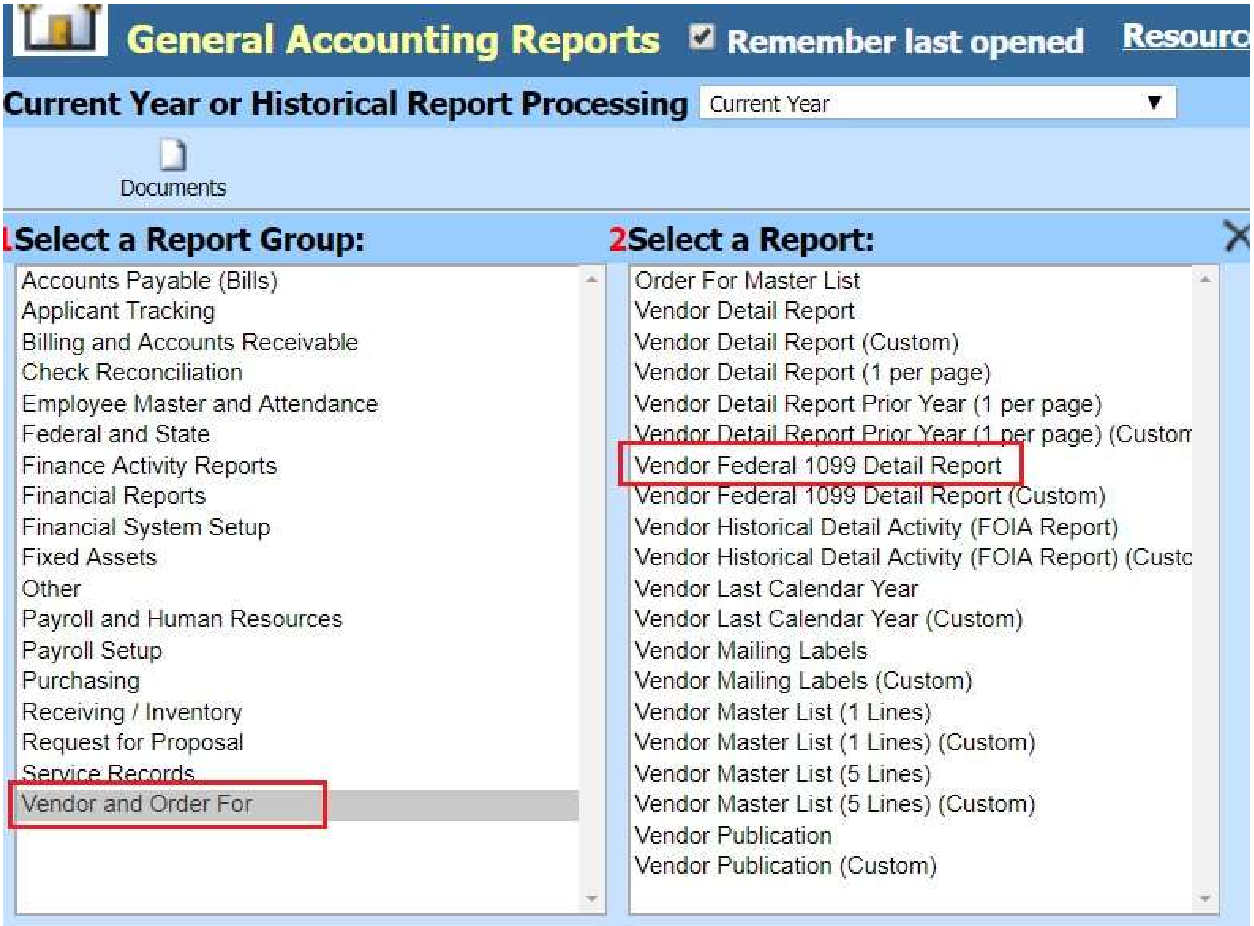
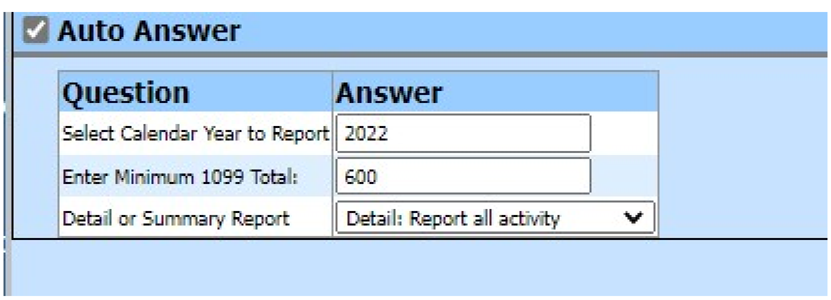


11. Under the Question & Answer section:



a. Place a check in “Auto Answer”.
b. Select Calendar Year: Enter 2022.
c. Enter Minimum 1099 Total: Enter Minimum amount.
d. Detail or Summary Report: Select Detail: Report all Activity.

12. Preview the report and verify the information for the 1099 amounts.

Printed: 11/01/2022 8:25:13AM | Specialized Data Systems - Test Data | Page 1 of 1

1099 Values for: 2022 | 1099 Vendor Report

For Minimum 1099 Value of $600.00 | Detail

Vendor	Check Date	Check #	Invoice #	All Disbursements	1099 Disbursment	1099	Account Number
ABC Vendor 1099						**7**	**58424**
dba: ABC Vendor							
Monitoring Service	01/01/2022	600		250.00	250.00		60-2530-410-1
Monitoring Service	02/01/2022	601		250.00	250.00		60-2530-410-1
Monitoring Service	03/01/2022	602		250.00	250.00		60-2530-410-1
Monitoring Service	04/01/2022	603		250.00	250.00		60-2530-410-1
Monitoring Service	05/01/2022	604		250.00	250.00		60-2530-410-1
Monitoring Service	06/01/2022	605		250.00	250.00		60-2530-410-1
Monitoring Service	07/01/2022	606		250.00	250.00		60-2530-410-1
				$1,750.00	$1,750.00		
Regional Office of Ed#30						**Y**	**58392**
Office Of Principal Dues Fees	12/01/2022	607		6,250.00	6,250.00		10-2410-640
Professional Development	02/24/2022	541		45.00	45.00		40-2550-410-01
Professional Development	02/25/2022	541		600.00	600.00		40-2550-410-01
				$6,895.00	$6,895.00		
Specialized Data Systems						**Y**	**58425**
Business Office Supplies	10/23/2022	123456		4,000.00	4,000.00		10-1407-400-01
				$4,000.00	$4,000.00		

How to Edit a 1099 Amount

1. If an amount needs to be edited for a vendor for the 2022 1099 amounts, you need to create an entry view with the “Last Yr 1099 Amount” field.

   NOTE: If you have previously completed the 1099 process in SDS, you may have completed these steps already and can proceed to next section.

2. To create a new view:
   a. Select Administrative Utilities.
   b. Select Data View Definitions.
   c. Change the bullet to Other Master & Code Entry Views.
   d. Default Views: Select Vendor (Basic Fields).
   e. After selecting this default view, the system changes the Data Area: to Vendor.
   f. From the Available Fields for View Area: Select the field Last_Yr_1099_Amount and move it to Selected Fields for View Area: .
   g. Change the Title of the view. An example of this would be to add “1099” after the title Vendor (Basic Fields).
   h. Select Save New View.

SPECIALIZED DATA SYSTEMS
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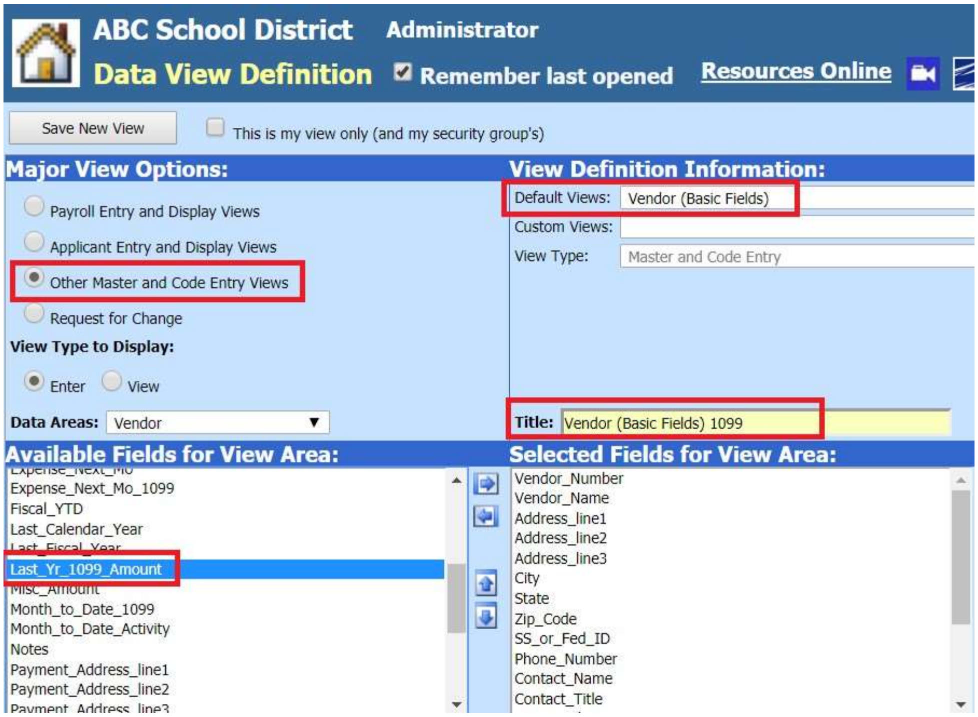

3. Select Master File Vertical Data Entry and Changes.
4. Entry options: Select the new view you created. The example of the view is Vendor (Basic Fields) 1099.
5. Select the vendor that needs to be edited and change the amount in the Last Yr 1099 Amount field.

SPECIALIZED DATA SYSTEMS
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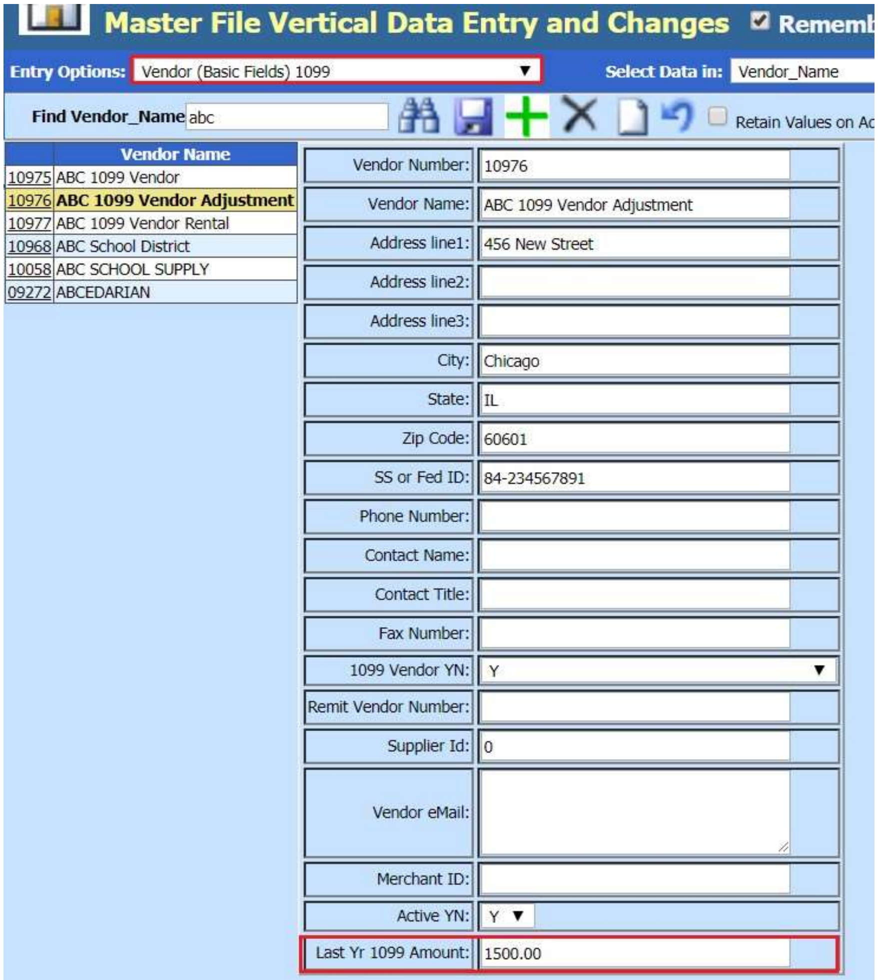


6. Select Save. This changes the amount on the 1099.
   NOTE: This does not change the amount shown in the “Vendor Federal 1099 Detail Report” as this change was not processed through the system.

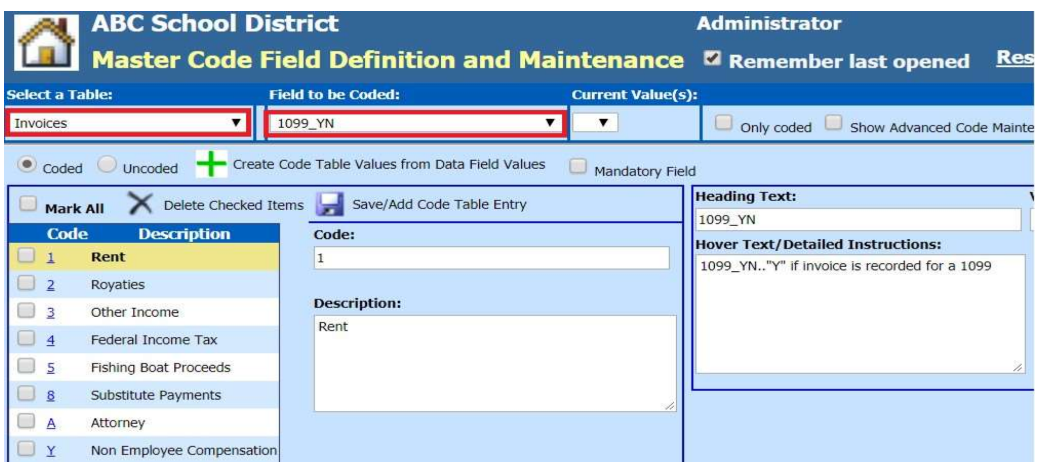
How to edit a 1099 for a Vendor who needs Amounts in two boxes on the 1099 Form

This process is used when you have a vendor that needs to have amounts in two selection areas on the 1099 form. An example, of this would be to have an amount in Box 1, “Rents”, and also Box 3, “Other Income”.

To setup this process, the field “1099 YN” in the invoice table needs to be coded with the same codes that were setup for the Vendor Master “1099 Vendor YN” field. This was completed above under “1099 Production Setup: Step 6”.

1. Select Administrative Utilities.
2. Select Master Code Field Definition and Maintenance.

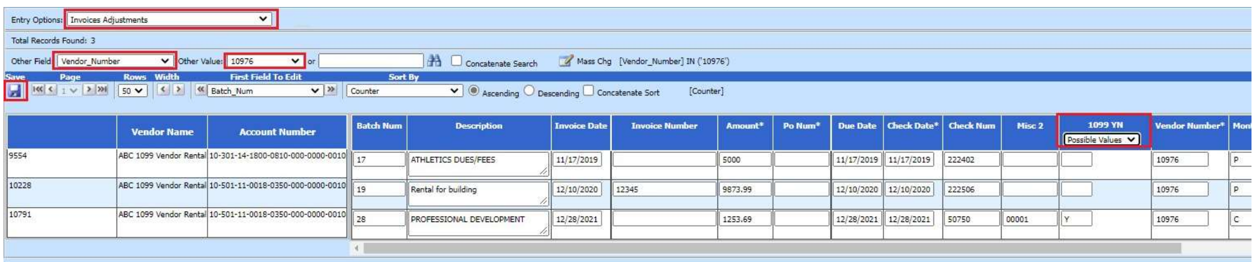
   a. Select the invoice table, and then in the Field to be Coded drop box, select “1099 YN”.
      - Enter in the following codes that correspond to the various boxes on the 1099.
      - Box 1: Rents, enter a 1.
      - Box 2: Royalties, enter a 2.
      - Box 3: Other Income, enter a 3.
      - Box 4: Federal Income Tax withheld, enter a 4.
      - Box 5: Fishing Boat Proceeds, enter a 5.
      - Box 6: Medical and Health Care Payments, enter a 6.
      - Box 7: Non-Employee Compensation, enter a Y (Listed on 2022 NEC form).
      - Box 8: Substitute Payments In lieu of Dividends or Interest, enter an 8.
      - Box 14: Gross proceeds paid to an Attorney, enter an A.
   b. Once these codes have been setup, you can adjust the individual invoices that need to be in a different box on the 1099 than what has been setup in the “Vendor Master”, “1099 Vendor YN” field.



3. Since the system was moved into the month of January and all the 2022 invoices have been made permanent, you make this adjustment in the Invoice Adjustment Entry Options area.
   a. Select Master File and Code Entry Options.
   b. Select Master File Horizontal Data Changes.
   c. From the Entry Options drop down, select Invoice Adjustments.
4. Select the drop down next to “Other Field” and select “Vendor Number.” You can either select the vendor number with the next drop down or enter the vendor number in the next search box. Select the binocular button or the enter key to finish the search. Add

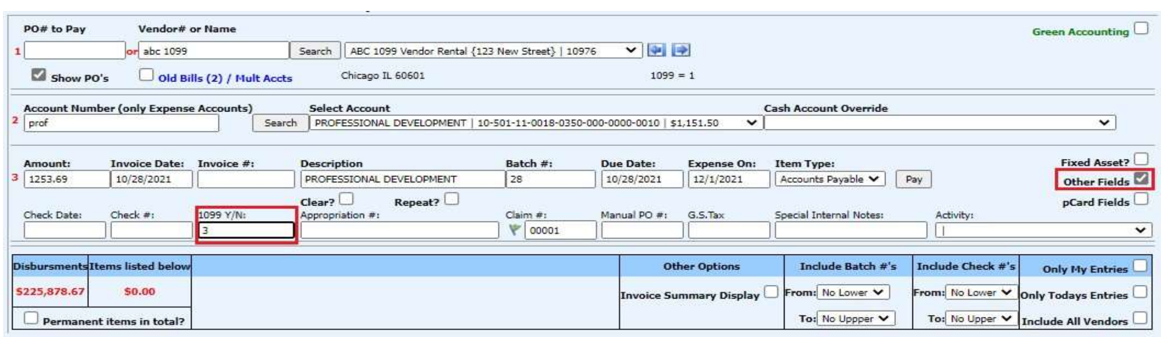
additional search fields, if needed. It is advised that you check the "concatenate search" box and add that the check date >= 1/1/2022 so that you are editing last year's checks.

5. In the field "1099 YN" enter the corresponding box number from the 1099 that you want this invoice amount to appear. This is only completed if the Box number is different than what has been assigned to the vendor in the vendor master view.
6. Select Save.



This process can also be completed as you are processing Accounts Payable invoices.

1. Select Accounts Payable.
2. Select Disbursement Accounts Payable Entry.
3. In the Accounts Payable Entry complete invoice entry as needed. Before selecting "Pay", select the box "Other Fields".
    a. With this option checked, it opens the screen to allow you to enter a different box number for the 1099. This only needs to be completed if the box number is different than the one set up for this vendor in the Vendor Master area in the field "1099 Vendor YN".



Processing the 1099's to be sent to the Vendor

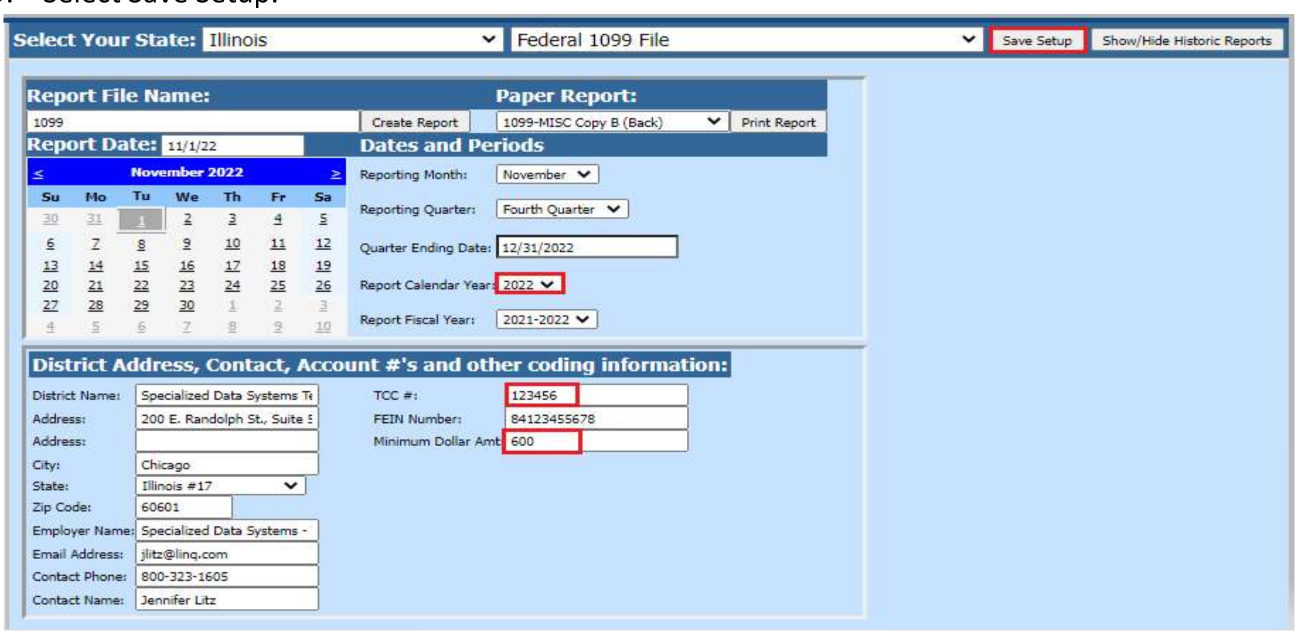
1. Select Payroll Processing.
2. Select State/Federal Reporting and 3rd Party Data Export.
3. Select your State.
4. Select 1099 File from the Drop-Down Menu.

The next process creates the form to send to the vendor.

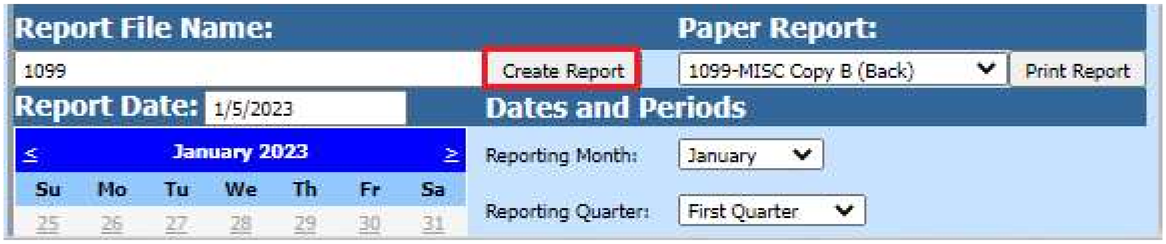
PRINTING NOTES:

- When printing with Adobe: Verify settings are printing with <u>**Actual Size.**</u> Any settings with "Scaling" reduces the font and not print correctly or fit into envelopes.
- When printing with other options, i.e., Chrome: Verify scaling settings are "Default". Any settings outside of Default may not print correctly or fit into envelopes.
- When folding 1099 forms, place the folded side into the envelope first

5. Select Report Date.
6. Report Calendar Year: Select 2022.
7. TCC#: Please review the section "Processing the file to the IRS" for more information about the TCC#, enter number.
8. Minimum Dollar Amt: Enter 600.
9. Select Save Setup.



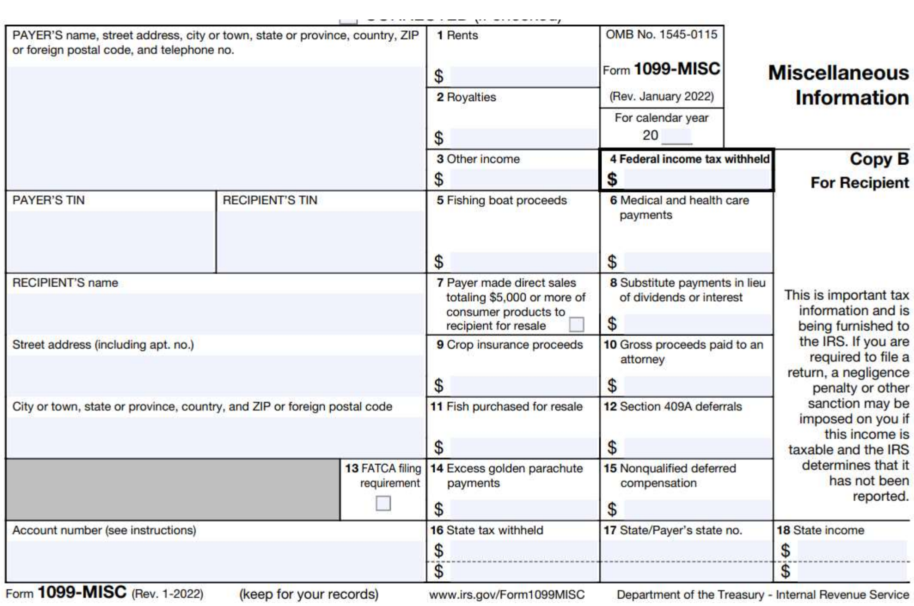
10.Select Create Report.



11. To print the 1099 Copy B (front), select this option from the dropdown that is next to the "Print Report" button.

12. Select the print report button. The copy B that is to be sent to the vendor previews and they are available to print.

1099 Miscellaneous Income Vendor reported:



PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

1 Rents $

2 Royalties $

3 Other income $

OMB No. 1545-0115

Form **1099-MISC** (Rev. January 2022)

For calendar year 20__

Miscellaneous Information

4 Federal income tax withheld $

Copy B For Recipient

PAYER'S TIN

RECIPIENT'S TIN

5 Fishing boat proceeds $

6 Medical and health care payments $

RECIPIENT'S name

7 Payer made direct sales totaling $5,000 or more of consumer products to recipient for resale ☐

8 Substitute payments in lieu of dividends or interest $

Street address (including apt. no.)

9 Crop insurance proceeds $

10 Gross proceeds paid to an attorney $

City or town, state or province, country, and ZIP or foreign postal code

11 Fish purchased for resale $

12 Section 409A deferrals $

13 FATCA filing requirement ☐

14 Excess golden parachute payments $

15 Nonqualified deferred compensation $

This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

Account number (see instructions)

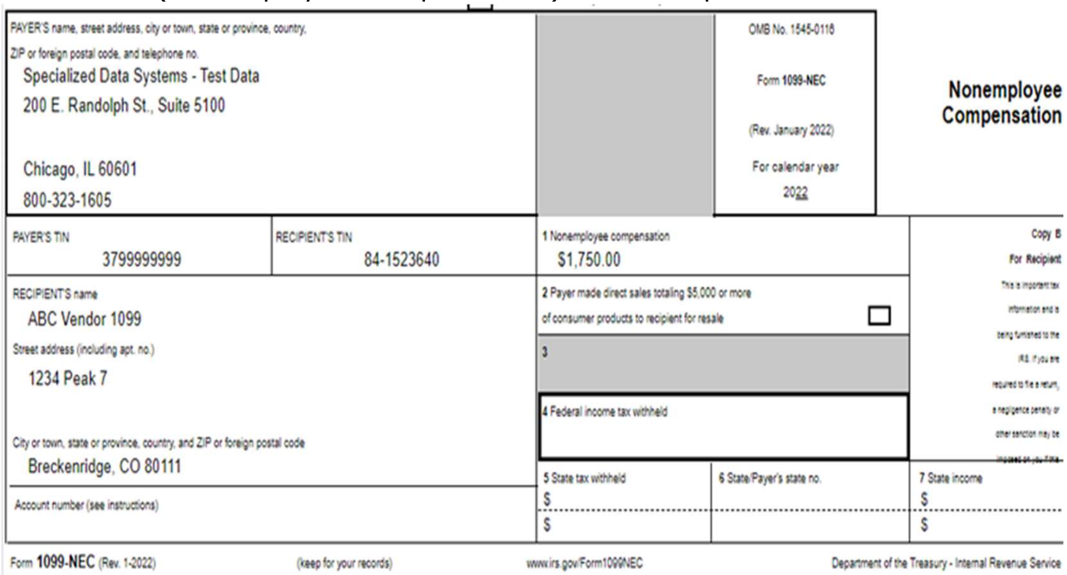
16 State tax withheld $ $

17 State/Payer's state no.

18 State income $ $

Form **1099-MISC** (Rev. 1-2022) (keep for your records) www.irs.gov/Form1099MISC Department of the Treasury - Internal Revenue Service

1099 NEC (Nonemployee Compensation) Vendor reported:


PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.
Specialized Data Systems - Test Data
200 E. Randolph St., Suite 5100
Chicago, IL 60601
800-323-1605

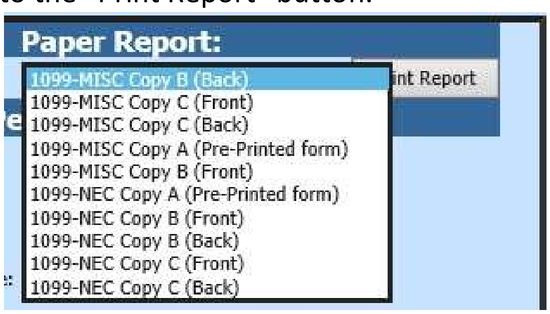
OMB No. 1545-0116
Form 1099-NEC
(Rev. January 2022)
For calendar year 2022

Nonemployee Compensation

PAYER'S TIN: 3799999999
RECIPIENT'S TIN: 84-1523640
1 Nonemployee compensation: $1,750.00
Copy B For Recipient
RECIPIENT'S name: ABC Vendor 1099
2 Payer made direct sales totaling $5,000 or more of consumer products to recipient for resale
Street address (including apt. no.): 1234 Peak 7
3
4 Federal income tax withheld
This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this...
City or town, state or province, country, and ZIP or foreign postal code: Breckenridge, CO 80111
Account number (see instructions)
5 State tax withheld: $ / $
6 State/Payer's state no.
7 State income: $ / $

Form 1099-NEC (Rev. 1-2022) (keep for your records) www.irs.gov/Form1099NEC Department of the Treasury - Internal Revenue Service

13. To print the back page of any of the 1099 selection options "1099 Copy "X" (Back), next to the "Print Report" button.



- Back view of 1099-MISC Copy B

Instructions for Recipient

Recipient's taxpayer identification number (TIN). For your protection, this form may show only the last four digits of your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN). However, the payer has reported your complete TIN to the IRS.

Account number. May show an account or other unique number the payer assigned to distinguish your account.

Amounts shown may be subject to self-employment (SE) tax. Individuals should see the Instructions for Schedule SE (Form 1040). Corporations, fiduciaries, or partnerships must report the amounts on the appropriate line of their tax returns.

Form 1099-MISC incorrect? If this form is incorrect or has been issued in error, contact the payer. If you cannot get this form corrected, attach an explanation to your tax return and report your information correctly.

Box 1. Report rents from real estate on Schedule E (Form 1040). However, report rents on Schedule C (Form 1040) if you provided significant services to the tenant, sold real estate as a business, or rented personal property as a business. See Pub. 527.

Box 2. Report royalties from oil, gas, or mineral properties; copyrights; and patents on Schedule E (Form 1040). However, report payments for a working interest as explained in the Schedule E (Form 1040) instructions. For royalties on timber, coal, and iron ore, see Pub. 544.

Box 3. Generally, report this amount on the "Other income" line of Schedule 1 (Form 1040) and identify the payment. The amount shown may be payments received as the beneficiary of a deceased employee, prizes, awards, taxable damages, Indian gaming profits, or other taxable income. See Pub. 525. If it is trade or business income, report this amount on Schedule C or F (Form 1040).

Box 4. Shows backup withholding or withholding on Indian gaming profits. Generally, a payer must backup withhold if you did not furnish your TIN. See Form W-9 and Pub. 505 for more information. Report this amount on your income tax return as tax withheld.

Box 5. Shows the amount paid to you as a fishing boat crew member by the operator, who considers you to be self-employed. Self-employed individuals must report this amount on Schedule C (Form 1040). See Pub. 334.

Box 6. For individuals, report on Schedule C (Form 1040).

Box 7. If checked, consumer products totaling $5,000 or more were sold to you for resale, on a buy-sell, a deposit-commission, or other basis. Generally, report any income from your sale of these products on Schedule C (Form 1040).

Box 8. Shows substitute payments in lieu of dividends or tax-exempt interest received by your broker on your behalf as a result of a loan of your securities. Report on the "Other income" line of Schedule 1 (Form 1040).

Box 9. Report this amount on Schedule F (Form 1040).

Box 10. Shows gross proceeds paid to an attorney in connection with legal services. Report only the taxable part as income on your return.

Box 11. Shows the amount of cash you received for the sale of fish if you are in the trade or business of catching fish.

Box 12. May show current year deferrals as a nonemployee under a nonqualified deferred compensation (NQDC) plan that is subject to the requirements of section 409A plus any earnings on current and prior year deferrals.

Box 13. If the FATCA filing requirement box is checked, the payer is reporting on this Form 1099 to satisfy its account reporting requirement under chapter 4 of the Internal Revenue Code. You may also have a filing requirement. See the Instructions for Form 8938.

Box 14. Shows your total compensation of excess golden parachute payments subject to a 20% excise tax. See your tax return instructions for where to report.

Box 15. Shows income as a nonemployee under an NQDC plan that does not meet the requirements of section 409A. Any amount included in box 12 that is currently taxable is also included in this box. Report this amount as income on your tax return. This income is also subject to a substantial additional tax to be reported on Form 1040, 1040-SR, or 1040-NR. See the instructions for your tax return.

Boxes 16–18. Show state or local income tax withheld from the payments.

Future developments. For the latest information about developments related to Form 1099-MISC and its instructions, such as legislation enacted after they were published, go to *www.irs.gov/Form1099MISC*.

Free File Program. Go to *www.irs.gov/FreeFile* to see if you qualify for no-cost online federal tax preparation, e-filing, and direct deposit or payment options.

- Back view of 1099-MISC Copy C

Instructions for Payer

To complete Form 1099-MISC, use:

- The current General Instructions for Certain Information Returns, and
- The current Instructions for Forms 1099-MISC and 1099-NEC.

To complete corrected Forms 1099-MISC, see the current General Instructions for Certain Information Returns.

To order these instructions and additional forms, go to *www.irs.gov/EmployerForms*.

Caution: Because paper forms are scanned during processing, you cannot file certain Forms 1096, 1097, 1098, 1099, 3921, or 5498 that you print from the IRS website.

Filing and furnishing. For filing and furnishing instructions, including due dates, and to request filing or furnishing extensions, see the current General Instructions for Certain Information Returns.

Need help? If you have questions about reporting on Form 1099-MISC, call the information reporting customer service site toll free at 866-455-7438 or 304-263-8700 (not toll free). Persons with a hearing or speech disability with access to TTY/TDD equipment can call 304-579-4827 (not toll free).

- Back view of 1099-NEC Copy B

Instructions for Recipient

You received this form instead of Form W-2 because the payer did not consider you an employee and did not withhold income tax or social security and Medicare tax.

If you believe you are an employee and cannot get the payer to correct this form, report this amount on the line for "Wages, salaries, tips, etc." of Form 1040, 1040-SR, or 1040-NR. You must also complete Form 8919 and attach it to your return. For more information, see Pub. 1779, Independent Contractor or Employee.

If you are not an employee but the amount in this box is not self-employment (SE) income (for example, it is income from a sporadic activity or a hobby), report this amount on the "Other income" line (on Schedule 1 (Form 1040)).

Recipient's taxpayer identification number (TIN). For your protection, this form may show only the last four digits of your TIN (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)). However, the issuer has reported your complete TIN to the IRS.

Account number. May show an account or other unique number the payer assigned to distinguish your account.

Box 1. Shows nonemployee compensation. If the amount in this box is SE income, report it on Schedule C or F (Form 1040) if a sole proprietor, or on Form 1065 and Schedule K-1 (Form 1065) if a partnership, and the recipient/partner completes Schedule SE (Form 1040).

Note: If you are receiving payments on which no income, social security, and Medicare taxes are withheld, you should make estimated tax payments. See Form 1040-ES (or Form 1040-ES (NR)). Individuals must report these amounts as explained in these box 1 instructions. Corporations, fiduciaries, and partnerships must report these amounts on the appropriate line of their tax returns.

Box 2. If checked, consumer products totaling $5,000 or more were sold to you for resale, on a buy-sell, a deposit-commission, or other basis. Generally, report any income from your sale of these products on Schedule C (Form 1040).

Box 3. Reserved for future use.

Box 4. Shows backup withholding. A payer must backup withhold on certain payments if you did not give your TIN to the payer. See Form W-9, Request for Taxpayer Identification Number and Certification, for information on backup withholding. Include this amount on your income tax return as tax withheld.

Boxes 5–7. State income tax withheld reporting boxes.

Future developments. For the latest information about developments related to Form 1099-NEC and its instructions, such as legislation enacted after they were published, go to *www.irs.gov/Form1099NEC*.

Free File. Go to *www.irs.gov/FreeFile* to see if you qualify for no-cost online federal tax preparation, e-filing, and direct deposit or payment options.

- Back view of 1099-NEC Copy C

Instructions for Payer

To complete Form 1099-MISC, use:

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- The current Instructions for Forms 1099-MISC and 1099-NEC.

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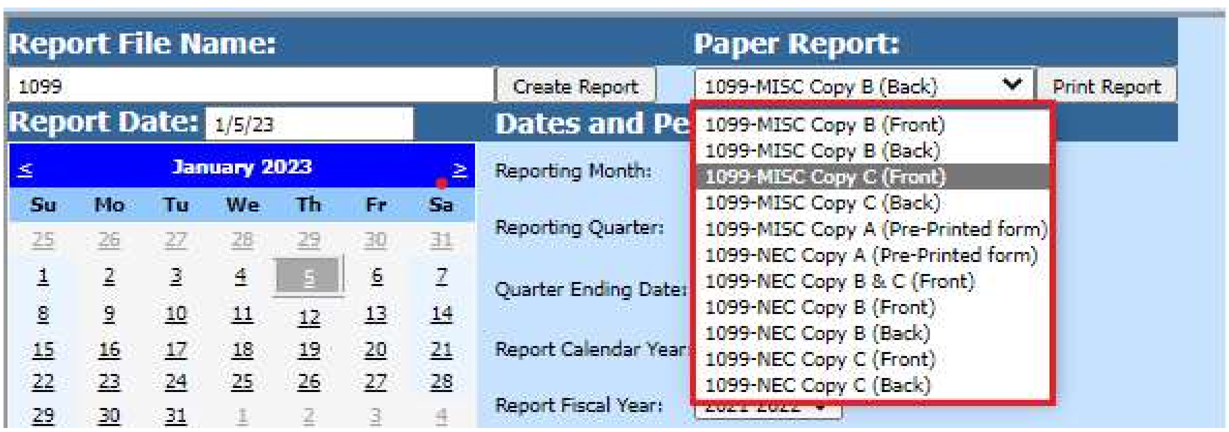
14. Select Print Report.

15. The back of the 1099 report previews on the screen. It is available to use to print on the back side of the 1099 fronts that have already been printed.

16. Follow the same steps to print the front and back copy of the remaining 1099 forms to be completed. Just change the selection option next to the "Print Report" button to obtain the correct report front and back pages.



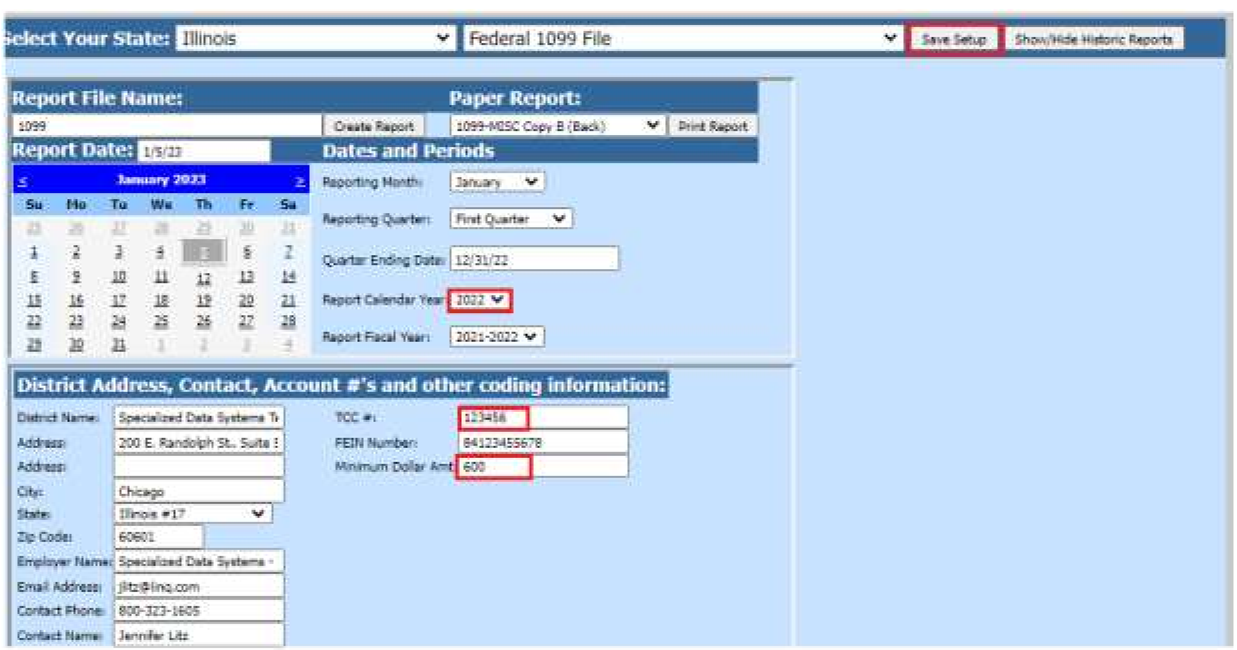
NOTE: Copy A can ONLY be printed on the preprinted **RED** form designated from IRS. This form can be purchased directly from SDS. We do not support forms printed from other sources. Copy B for the Vendors and Copy C for the payee, you can purchase blank perforated paper directly from SDS, or they can be printed on blank copy paper and cut apart.

Processing the 1099 File for the IRS

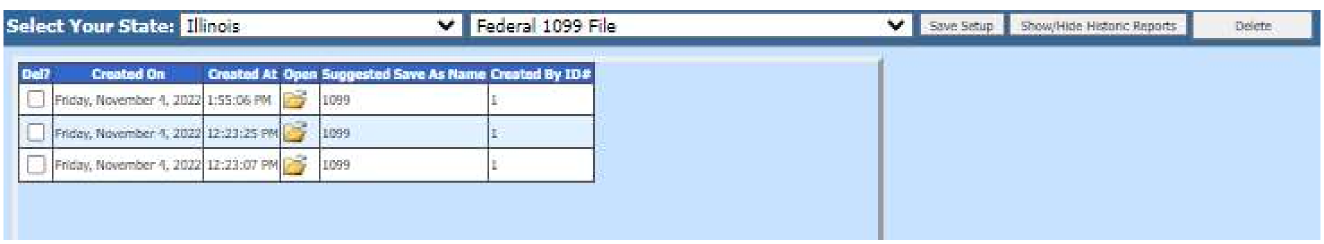
1. Select Payroll Processing.
2. Select State/Federal Reporting and 3rd Party Data Export.
3. Select your State.

4. Select 1099 File from the Drop-Down Menu.

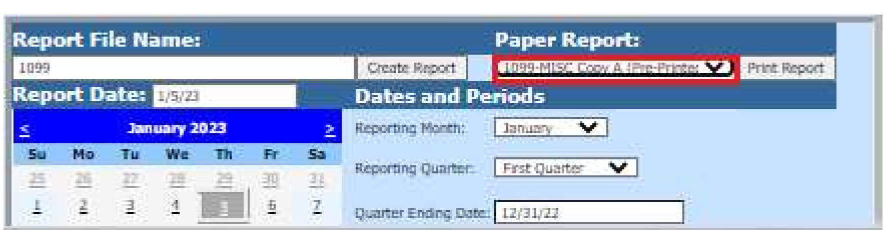
5. Select the calendar year you are reporting by using the drop-down field "Report Calendar Year."
6. Enter in the TCC#. Please review the section "Processing the file to the IRS" for more information about the TCC#.
7. Enter the "Minimum Dollar Amt:"
8. Select Save Setup.
9. The TCC # is required by the IRS to file the 1099's electronically. The link to obtain the number is https://www.irs.gov/pub/irs-pdf/f4419.pdf
   Note: There is information on the IRS website on "How to transmit through FIRE". A TCC is required to transmit information returns through the FIRE system. The most efficient way to apply to file information returns electronically is to submit the Fill-in Form 4419, Application for Filing Information Returns Electronically (FIRE), from the FIRE home page. You may also go to Forms and Pubs and select the paper version of Form 4419, Application for Filing Information Returns Electronically (FIRE). Be sure to submit your application at least 45 days prior to the due date of your information returns.



10. Once all the required information is completed, select the “Create Report” button.
11. The system creates a file for you that needs to be saved to your desktop and send to the IRS through the FIRE system as referenced above.
12. To save the file to your desktop, select “Show/Hide Historic Reports”. Right click on the yellow folder and select “Save Target As” or “Save Link As.” The selection you pick when saving the file depends on what internet browser you are using.
13. In the Save in area, select the place on your desktop you want to save the file.
14. In the file name field, change the file name to 1099 report. Then change the save as type from ‘Text Document’ to ‘All Files’ and select Save.
15. You should be using the last file that was created in the historic area. This should be the file that contains the information for which you just finished producing the 1099 reports.



16. The IRS strongly suggests that you upload this information electronically with a file via the Fire system. However, if you elect to send this information on the preprinted red Copy A form, you can do so by following the instructions below.
17. You need to create the file <u>first</u> before the Copy A can be printed. You need to put a number in the TCC# number field for the file to be created. An example that could be entered in this field is 123. Then select the “Create File” button.
18. Once the “Create File” button has been selected the 1099 Copy A (Pre-Printed form) can be selected to print from the drop down.



Close Report Export report to Message Center Viewer Font Size: Large Print Control: PDF Close Report

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123 Legal Name of District - 100 Characters
123 SOUTH MAIN

Breckenridge, CO 80424
303-355-1234

8412345678 84-123456789

ABC 1099 Vendor Rental

123 New Street

Chicago, IL 60601