

Title	1099-K Reporting
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Dept./Division	Finance Office AP Process
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Processes	FAM1099
	FAA199K

1099K-1 Reporting

The IRS Form 1099-K Merchant Card and Third Party Network Payments is a new U.S. 1099 reporting requirement from the IRS effective for the Tax Year 2011. The regulations require payment settlement entities (PSE's) to file an annual information return and to provide payees with Form 1099-K statements for the following reportable transactions:

- payment card transactions such as operating a campus card system, and
- Third party network transactions such as operating an internet payment service.

The Banner® 1099-K enhancement supports 1099-K reporting for payment card transactions only, not for third party network transactions. The 1099-K information return and the payee statement require reporting of total payments for the calendar year and also totals for each month of the calendar year, but only for transactions with payees not related to the issuer of the payment card.

The 1099-K enhancement was integrated with the existing Banner 1099-MISC reporting by establishing a Banner 1099 Income Type code 'K1', 1099-K Merchant Card, that will be used to designate 1099-K payment card transactions. Integrating 1099-K processing with 1099-MISC processing in Banner is consistent with the direction of IRS guidelines that payment card transactions should be reported only once as 1099-K payments, not as 1099-MISC payments even when both could apply. The FAM1099 (Banner Finance 8.7, the 1099 file build process) has been modified to exclude the 1099-K reportable transactions identified by Income Type 'K1'.

Overview

With invoicing and check processing, the FABCHKA process will update the same data repository for 1099 reportable transactions with 1099-K and 1099-MISC, i.e. the FAB1099 table combines 1099-K payments and 1099-MISC payments. Similar to the 1099-MISC reporting, if the invoice is marked 1099K on FAAINVE, all payments can be automatically captured for the current tax year and would appear in FAA1099. If the invoice is not marked as 1099-K, the data will need to be entered on FAA1099 manually.

FAA1099

- Identify checks with an Income Type of 'K1', 1099-K Merchant Card.
- Use form FAA1099 to record checks paid to vendors as 1099-K reportable transactions.

Vendor TIN (EIN) and Name Matching


The payees' TIN (EIN) and business name must be verified. The Internal Revenue Service provides a Taxpayer Identification Number (TIN) Matching Program to ensure the Forms 1099-K have the correct TIN. Work with Bureau of Finance and Management to either gain access to the system for on-line query or to prepare a batch to be submitted by BFM. Also work with APSS Center for correcting the TIN/Names for they manage the vendor files.

Failure to submit correct TIN/Names will result in penalties and, beginning in tax year 2013, incorrect payee information on Forms 1099-K may result in back-up withholdings.

1099-K Forms Report (FAB199K)

Prints the 1099-K payee statements

FAB199K Payee Statement Output

- The FAB199K 1099-K Form Report prints the IRS Form 1099-K statement to be issued to payees.
 -  The new Finance process supports laser printing only.
- Form 1099-K prints two payees to a page.
- The new FAB199K process has the ability to print Form 1099-K for a selected:
 - Vendor Tax ID or
 - Multiple Vendor Tax ID's

The screenshot shows a web-based application window titled "Process Submission Controls GJAPCTL 8.3.0.2 (PROD)". The interface is divided into several sections:

- Process:** FAB199K (selected) and 1099-K Forms Report (selected).
- Parameter Set:** (empty dropdown).
- Printer Control:**
 - Printer: bor-hp5-ps (selected)
 - Special Print: (empty text field)
 - Lines: 55 (text field)
 - Submit Time: (empty text field)
- Parameter Values:** A table with columns for Parameter Number, Parameters, and Values.

Parameter Number	Parameters	Values
01	Reporting Year (YYYY)	2012
02	Correction as of Date	
03	Vendor 1099 Tax ID	
04	Institution TIN #	466000364
- Submission:**
 - Save Parameter Set as
 - Name: (empty text field)
 - Description: (empty text field)
 - Hold
 - Submit

At the bottom, a status bar indicates "Save Entered Parameters; CHECK to save." and "Record: 1/1".

Note: One may have difficulty printing a single tax form when routing to bor-hp5-ps (HP 4015) printer. If the whole file is printed, there is no problem.

FAB199K Payee Statement Output = 1099K Statement

CORRECTED

FILER'S name, street address, city, state, ZIP code, and telephone no. State of South Dakota DBA Board of Regents, South Dakota 306 East Capitol Ave Suite 200 Pierre SD 57501 --	FILER'S federal identification no. 46-6000364	OMB No. 1545-2205 <div style="text-align: center; font-size: 2em; font-weight: bold;">2011</div> Form 1099-K	Merchant Card and Third Party Network Payments
If checked, FILER is Payment Settlement Entity (PSE) <input checked="" type="checkbox"/> X OR If checked, FILER is Electronic Payment Facilitator (EPF)/ Third Party Payer (TPP) <input type="checkbox"/>	PAYEE'S taxpayer identification no. 20-8982246	1 Gross amount of merchant card/third party network payments \$ 2271.00	2 Merchant category code 3 4
PAYEE'S name, address, and ZIP code Prescott Operations Inc 2229 6th St Brookings SD 57006-1731	5a January \$.00 5c March \$.00 5e May \$.00 5g July \$ 231.49 5i September \$ 1884.56 5k November \$.00	5b February \$.00 5d April \$.00 5f June \$.00 5h August \$ 154.95 5j October \$.00 5l December \$.00	Copy B For Payee This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if taxable income results from this transaction and the IRS determines that it has not been reported.
PSE'S name and telephone number Account number (see instructions) A00113090			

Form **1099-K** (keep for your records) 38-2099803 Department of the Treasury — Internal Revenue Service

- The 'Payment Settlement Entity (PSE)' checkbox is checked identifying the Form 1099-K Filer as the FOA1099 Institution TIN.
- The Filer for Form 1099-K is assumed to be the Payment Settlement Entity and the box for 'PSE's name and telephone number' is not valued.
- The 'Account number' box is valued with the payee's Vendor ID.
- The "Merchant category code" (MCC) box is not valued with the release of FAB199K 8.6.0.7. Adding a merchant category code to FTMVEND will be an enhancement with a later release.

Summarization of 1099-K Statements

Summarize the Form 1099-K payee statements manually in preparation for filing the annual information return, or use FARWHLY version 8.3.0.2 to obtain summarized data. *The report will show the ITYP = K1 transactions.*

- Run FARWHLY with Database option
- Save the output at a text file. (.txt)
- In Excel, on Data Tab, use Get External Data From Text
 - Separate data by Vendor-A-ID; Payee Name; ITYP, Report able \$, (Federal & State Withholding, Paid Over and Balance are not used)
 - COUNT the number of K1 Vendors listed (to give you an idea of how many forms will be printed)
 - SUM the ITYP type (K1) manually to verify the total.
 - Save the Excel file for future reference.

The screenshot shows the FARWHLY software interface with the following sections:

- Process:** FARWHLY, 1099 Report/Withhold Audit
- Parameter Set:** (empty dropdown)
- Printer Control:** Printer: bor-hp5-ps, Special Print: (empty), Lines: 55, Submit Time: (empty)
- Parameter Values:** A table with columns for Number, Parameters, and Values.

Number	Parameters	Values
01	Reporting Year (YY)	12
02	As of Date (DD-MON-YYYY)	30-JAN-2013
03	Institution TIN #	466000364
04	Include 1099-MISC payments?	N
05	Include 1099-K payments?	Y

LENGTH: 2 TYPE: Character O/R: Required M/S: Single
- Submission:** Save Parameter Set as, Name: (empty), Description: (empty), Hold, Submit
- Footer:** Destination Printer, DOUBLE-CLICK for available printers, NOPRINT for no printout, DATABASE to review on-line. Record: 1/1 ... List of Valu... <OSC>

Other Screens to Check or Issues to Consider

✓FOA1099 - 1099-MISC Magnetic Tape Transmitter Data: Transmitter Information

Transmitter Information

Transmitter's TIN: **Foreign Indicator**
Transmitter Control Code:
Transmitter Company Name:

Mailing Address:
City:
State: **ZIP/PC:**
Nation: United States of America

Transmitter Name:

Contact Name:
Phone: **Extension:**
Email:

✓FOA1099 - 1099-MISC Magnetic Tape Transmitter Data: Institution Information

Institution Information

Institution's TIN: **Foreign Indicator**
Institution's Name:

Mailing Address:

City:
State/Prov: **ZIP/Postal Code:**
Nation:

Contact Phone: **Extension:**

Name Control: **Office Code:**

✓Check the Vendor file to make sure the address to receive the statement is correct. (ARAMARK's RT address is a campus address).

Form 1096 Annual Summary and Transmittal of U.S. Information Returns to transmits the paper Forms 1099-K to the IRS. Although the requirement to electronically submit the 1099-K annual information return begins only when submitting 250 or more 1099-K forms, the Board of Regents will file electronically.