MRI software

1099 Web
1099 Setup and Processing

TAX YEAR 2016

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Agenda

1099's

- **1099 Overview**
- **How to perform required setup**
- **How to process 1099's**
- **Review/Questions**

What is a 1099?

- IRS Tax Document – similar to a W-2
- Reports money paid to an individual/corporation throughout the year
- There are several types of 1099's
  - 1099-DIV: Dividend Income
  - 1099-INT: Interest Income
  - 1099R: Pensions and Annuities
  - **1099-MISC: Miscellaneous Income**
- MRI Software only supports the processing and printing of 1099-MISC forms
- Reports payments to vendors made in excess of $600 for tax year

1099-MISC Form

☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Rents $ 2 Royalties $	OMB No. 1545-0115 2016 Form 1099-MISC	Miscellaneous Income
	3 Other income $	4 Federal income tax withheld $	Copy 1 For State Tax Department
PAYER'S federal identification number / RECIPIENT'S identification number	5 Fishing boat proceeds $	6 Medical and health care payments $	
RECIPIENT'S name	7 Nonemployee compensation $	8 Substitute payments in lieu of dividends or interest $	
Street address (including apt. no.) City or town, state or province, country, and ZIP or foreign postal code	9 Payer made direct sales of $5,000 or more of consumer products to a buyer (recipient) for resale ▶ ☐	10 Crop insurance proceeds $	
	11	12	
Account number (see instructions) / FATCA filing requirement ☐	13 Excess golden parachute payments $	14 Gross proceeds paid to an attorney $	
15a Section 409A deferrals $ / 15b Section 409A income $	16 State tax withheld $ $	17 State/Payer's state no.	18 State income $ $

Form 1099-MISC www.irs.gov/form1099misc Department of the Treasury - Internal Revenue Service

How and When to File

- 1099's must be mailed to vendors by **1/31/2017**

  If payer is reporting payments in box 8 or box 14, then **2/15/2017**

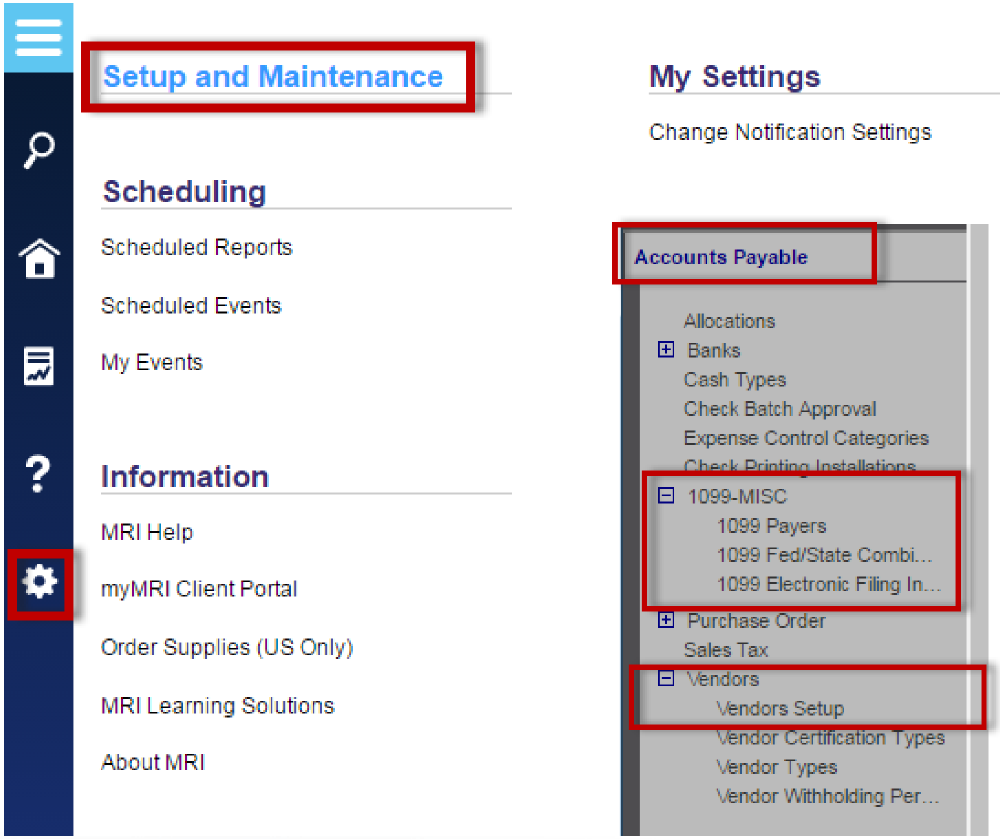
- Copies of 1099's must be sent to the IRS by **1/31/2017**, if you are reporting payments in box 7. Otherwise, file by **2/28/17**, if you file on paper, or by **March 31, 2017** if you file electronically.
- If filing more than 250 1099's, required to file electronically

Setup

In order for 1099 processing to work, the setup must be completed for the following tables:

Tables are accessed Set up and Maintenance > Accounts Payable

- VEND (Vendors)
- GACC (Chart of Accounts)
- T_199PAYERS (1099 Payers)
    - If filing electronically,T_199T (Transmitter) and T_199A (E-Payers)



Setup- VEND (Vendors)

- **Vendor should be active**
- **Check boxes**
  - Indicate vendor should receive a 1099 and what type
  - Attorney Fees – Box 14
- **Type of Tax Payer**

  Formats the Federal ID Number field

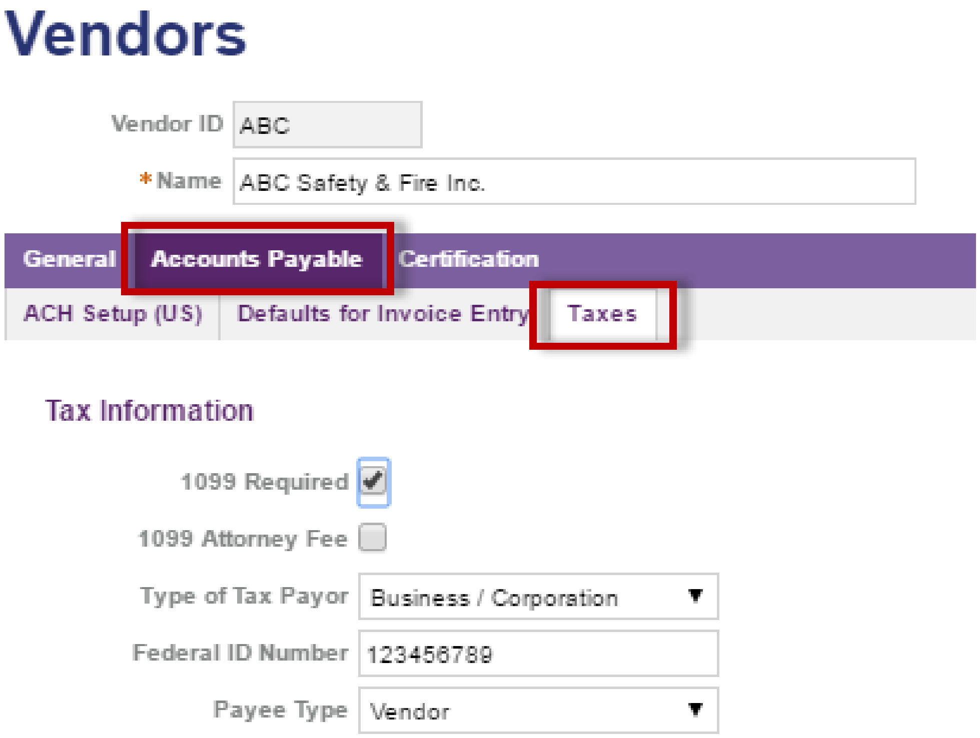
  Business: xx-xxxxxxx

  Individual: xxx-xx-xxxx
- **Payee Type**

  Determines the type of income reported (which box)

  Property Payee – box 1

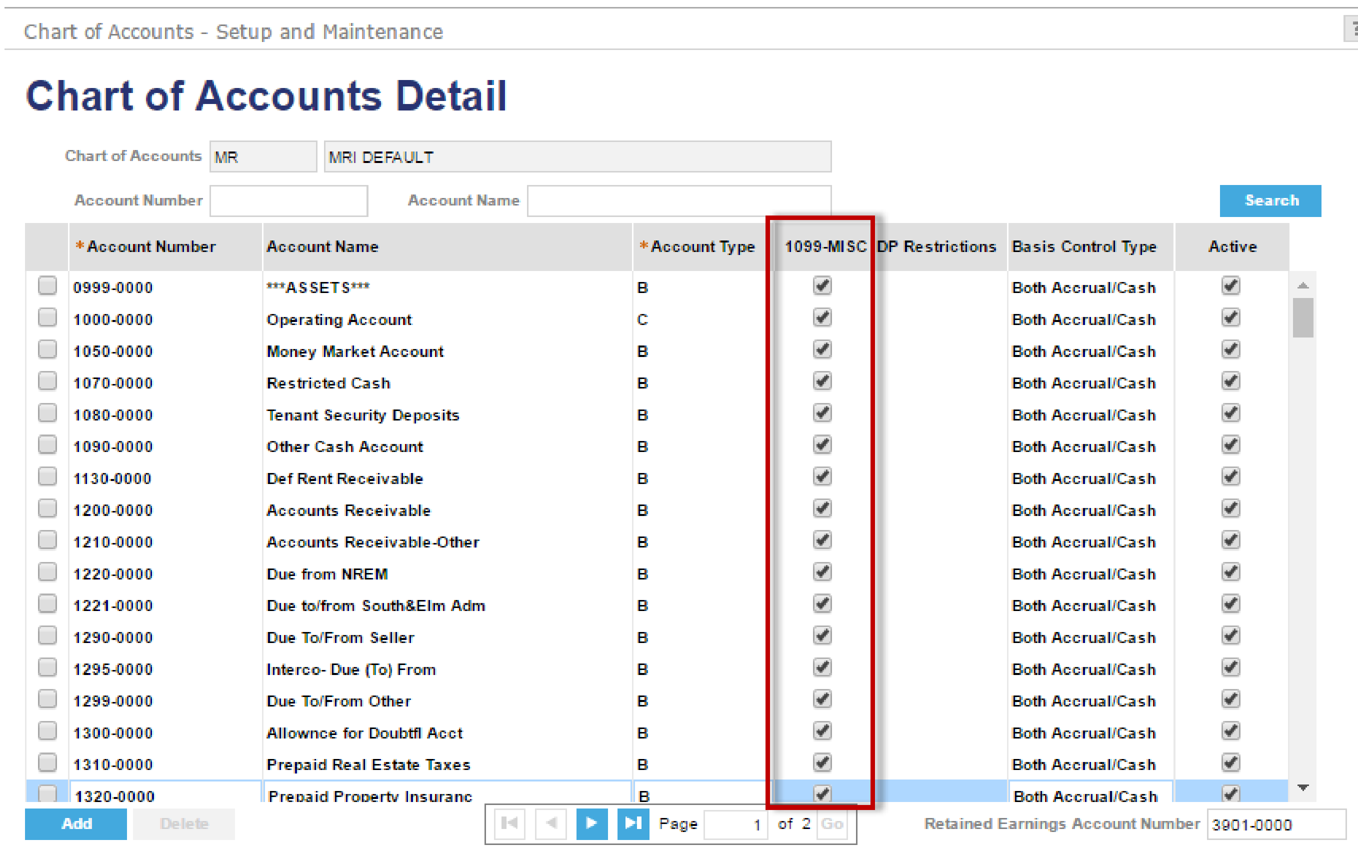
  Vendor/Tenant – box 7



Setup – GACC (Chart of Accounts)

1099 Acct field

- Payments made to this account number are included in 1099 processing
- Y = includes payments made
- N = will not include payments made



	*Account Number	Account Name	*Account Type	1099-MISC	DP Restrictions	Basis Control Type	Active
☐	0999-0000	***ASSETS***	B	✓		Both Accrual/Cash	✓
☐	1000-0000	Operating Account	C	✓		Both Accrual/Cash	✓
☐	1050-0000	Money Market Account	B	✓		Both Accrual/Cash	✓
☐	1070-0000	Restricted Cash	B	✓		Both Accrual/Cash	✓
☐	1080-0000	Tenant Security Deposits	B	✓		Both Accrual/Cash	✓
☐	1090-0000	Other Cash Account	B	✓		Both Accrual/Cash	✓
☐	1130-0000	Def Rent Receivable	B	✓		Both Accrual/Cash	✓
☐	1200-0000	Accounts Receivable	B	✓		Both Accrual/Cash	✓
☐	1210-0000	Accounts Receivable-Other	B	✓		Both Accrual/Cash	✓
☐	1220-0000	Due from NREM	B	✓		Both Accrual/Cash	✓
☐	1221-0000	Due to/from South&Elm Adm	B	✓		Both Accrual/Cash	✓
☐	1290-0000	Due To/From Seller	B	✓		Both Accrual/Cash	✓
☐	1295-0000	Interco- Due (To) From	B	✓		Both Accrual/Cash	✓
☐	1299-0000	Due To/From Other	B	✓		Both Accrual/Cash	✓
☐	1300-0000	Allownce for Doubtfl Acct	B	✓		Both Accrual/Cash	✓
☐	1310-0000	Prepaid Real Estate Taxes	B	✓		Both Accrual/Cash	✓
☐	1320-0000	Prepaid Property Insuranc	B	✓		Both Accrual/Cash	✓

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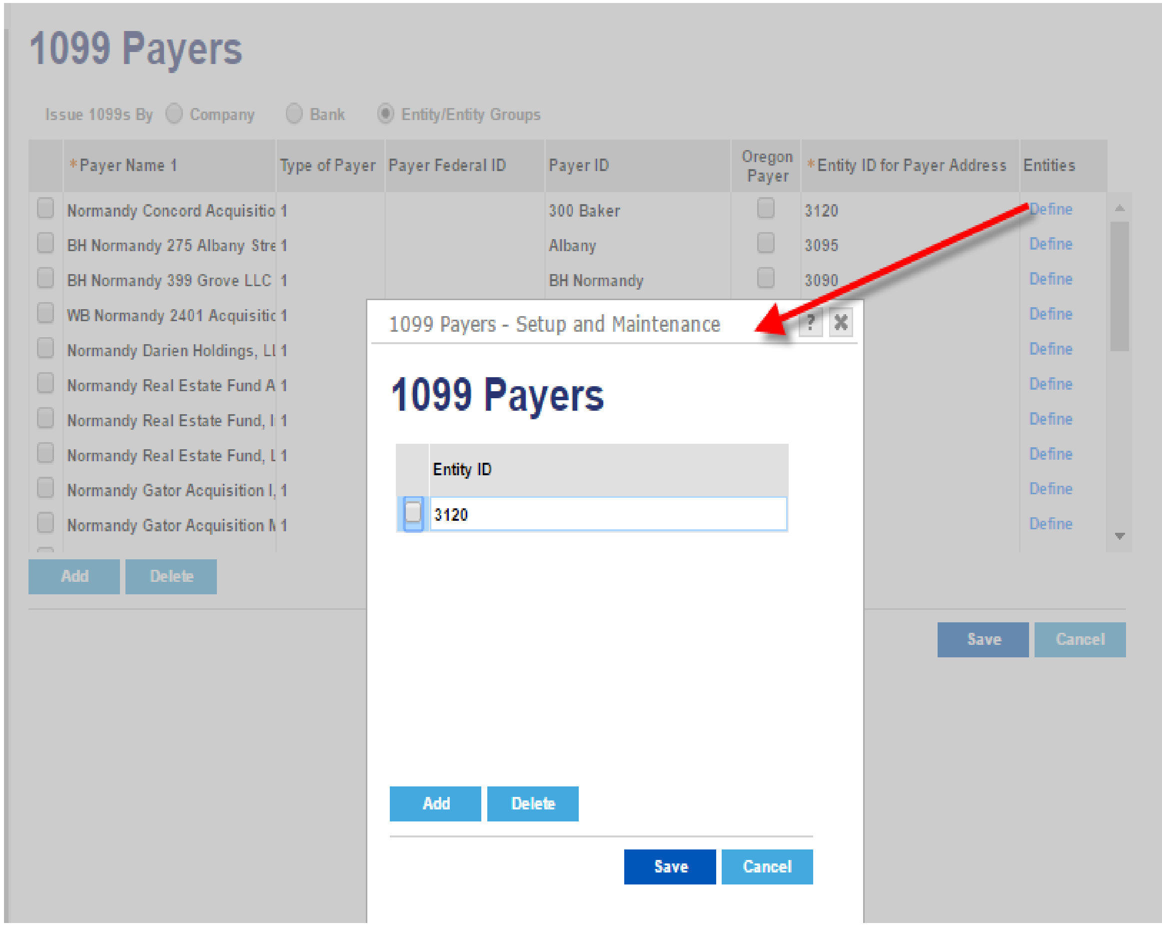
Setup – T_199PAYERS (1099 Payers)

- **This identifies the payer and the Payers Fed. ID #**
- **This information shows on the 1099-MISC form**
- **A company can choose to report by Company Name, Bank or Entity/Entity Group**

  If reporting by Entity Group – must select the Define Entities button



Setup – T_199PAYERS (1099 Payers)

1099 Payers

Issue 1099s By ○ Company ○ Bank ◉ Entity/Entity Groups

	*Payer Name 1	Type of Payer	Payer Federal ID	Payer ID	Oregon Payer	*Entity ID for Payer Address	Entities
☐	Normandy Concord Acquisitic	1		300 Baker	☐	3120	Define
☐	BH Normandy 275 Albany Stre	1		Albany	☐	3095	Define
☐	BH Normandy 399 Grove LLC	1		BH Normandy	☐	3090	Define
☐	WB Normandy 2401 Acquisitic	1		Columbia	☐	0800	Define
☐	Normandy Darien Holdings, LI	1		Darien	☐	3010	Define
☐	Normandy Real Estate Fund A	1		Fund AIV, LP	☐	7200	Define
☐	Normandy Real Estate Fund, I	1		Fund, Inc	☐	7300	Define
☐	Normandy Real Estate Fund, L	1		Fund, LP	☐	7100	Define
☐	Normandy Gator Acquisition I,	1		Gator GE	☐	4010	Define
☐	Normandy Gator Acquisition N	1		Gator Lehman	☐	4080	Define

Add Delete

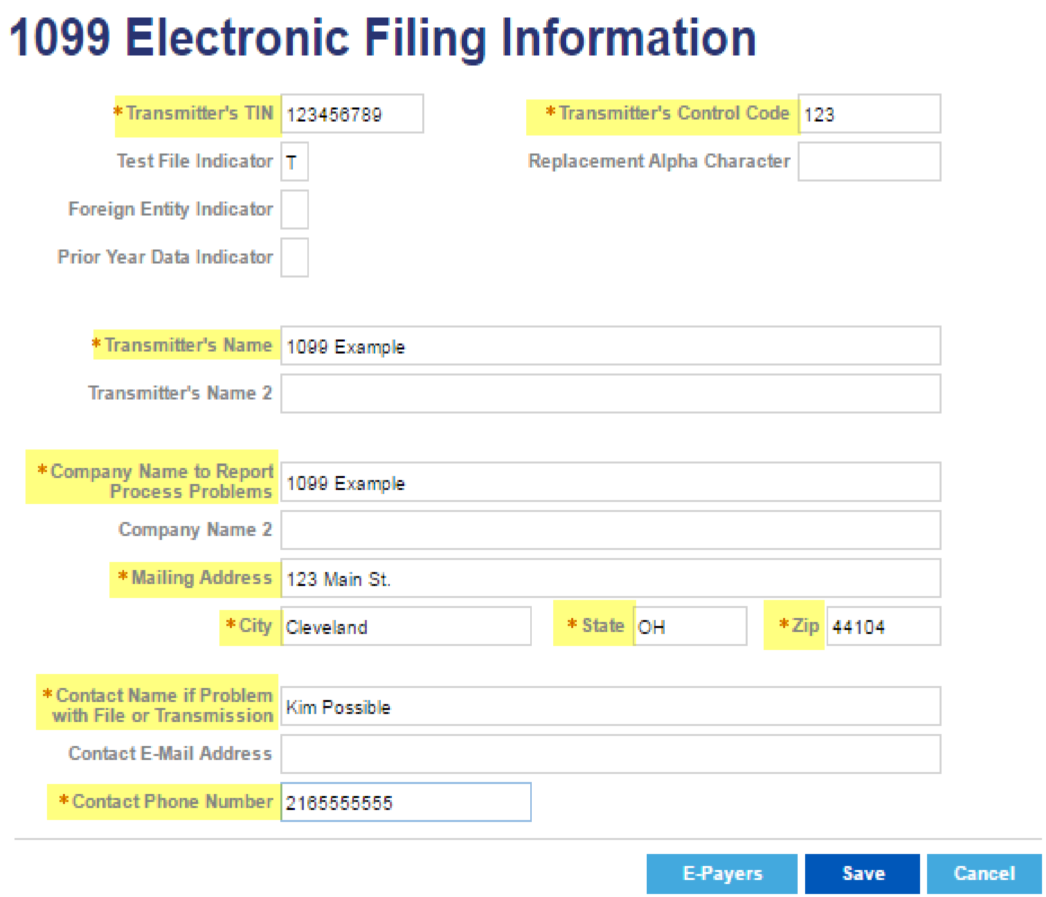
- A new option has been added to the T_199PAYERS table for payers in the state of Oregon.
- This check box should only be used if the payer is filing for the state of Oregon.

Setup – T_199PAYERS (Transmitter Info)

*****Only required if filing electronically*****

- Electronic File Name and Transmitters Media Number fields are no longer used
- Transmitter may be the company or a service provider
- Transmitter's TIN is the Fed ID number of the Transmitter
- Transmitter Control Code

  Supplied by the IRS



Setup – T_199PAYERS (E-Payer Info)

*****Only required if filing electronically*****


Payer Information - Setup and Maintenance

1099 Electronic Filing Information (E-Payer Information)

*Payer ID	Lexington	*Type of Return	A
Payer Federal ID		Transfer Agent	
Payer Name Control	LEX	Foreign Payer	
Last Filing Indicator	1		
Combined Fed/State	1		
Payer Name 1	Normandy Lexington, LLC		
Payer Name 2			
*Payer Shipping Address	567 Lexington Ave		
*Payer City	New York	State	NY
		Zip	10017
*Payer Phone Number	(212) 555-5555		

Save Cancel

- Identifies the e-payer (company) in the electronic file
- One record for each payer

Setup – T_199PAYERS (Federal/State Combined)

*****Not Required*****

Federal/State Combined program

- All applicable states must be set up
- State Code information can be found in IRS Publication 1220

Federal/State Combined Table

	State Abbreviation	State Code	1099 Default Amount
☐	AZ	11	800.00
☐	NE	28	750.00

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Processing 1099's

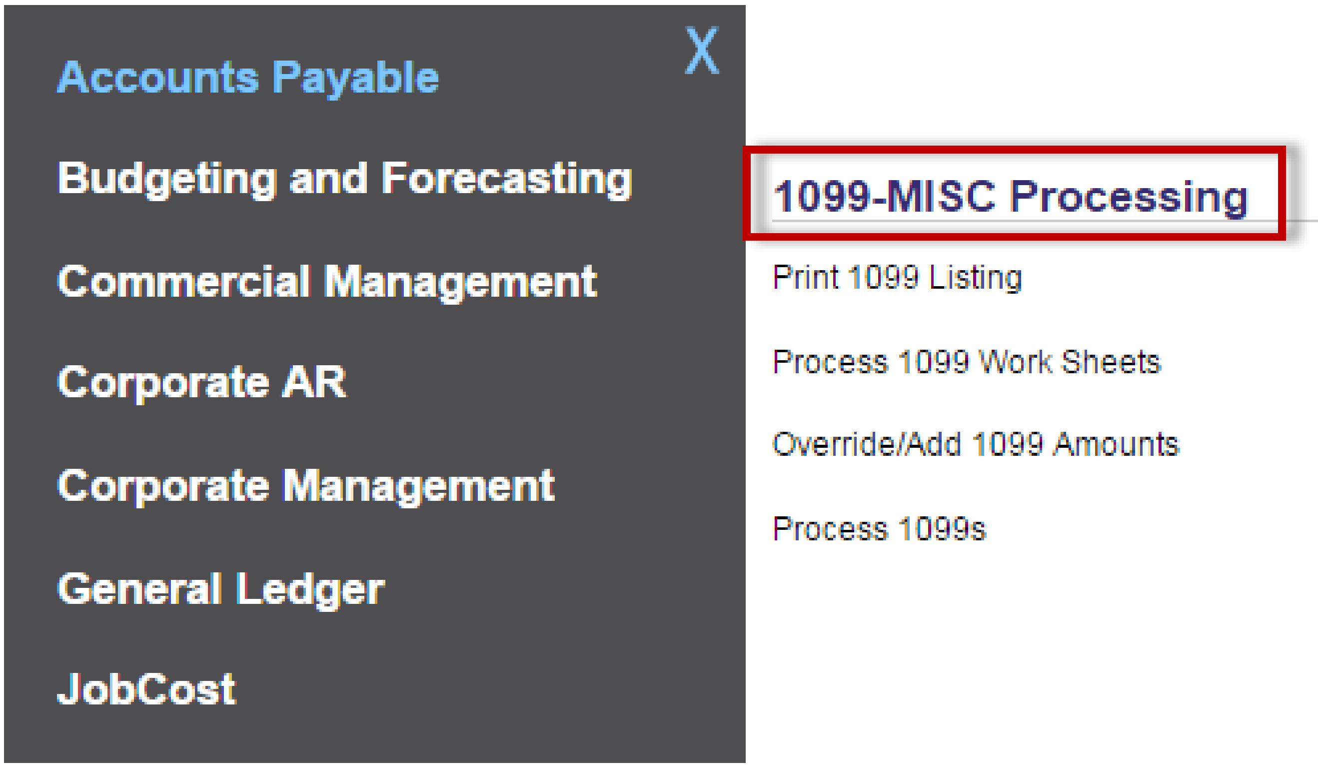
To process 1099's the following steps are recommended:

1. Preview Report – this will generate the preview list of vendors and the amounts to report for 1099's
2. Worksheet Report– provided as a utility for a user to adjust the amounts that will appear on 1099's
   - Overrides – manually override amounts on 1099's
   - Worksheet Exception Report – generated if overrides are performed
3. Generate 1099's – this will generate 1099's on paper or electronically

IMPORTANT: These steps performed out of order can cause data to be incorrect/reverted

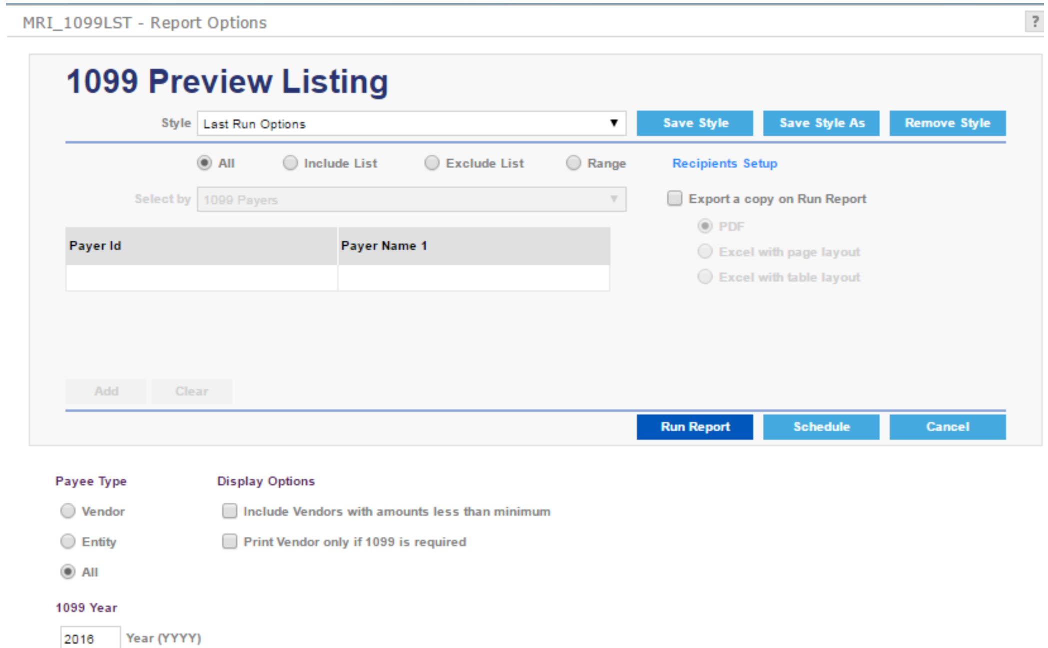
Processing 1099's

To process 1099's click Accounts Payable > 1099-MISC Processing



Preview Report

- **Allows user to preview the data in the system that is set to be reported**
- **Data to be checked on this report include:**
  - Fed. ID (formatting)
  - Amounts
  - Address
  - Payee Type



Database: CL_X4 | 1099 Preview Listing | Page: 1
Tax Year: 2007 | CL_X4 | Date: 1/2/2017
Payer Federal Id: Foreign Entity | Sample Payer | Time: 9:45 PM

Vendor Number	Vendor Name	Payee Type	Federal Id Number	Filing Status	Original Amount	Worksheet Amount
051501	1501 Joint Venture	Property Payee	12-3456789	Y	241.21	0.00
	3901 N. Mesa, Suite 200A El Paso, TX 79902					
05AD01	ADT Security Services	Vendor		N	2,156.00	0.00
	PO Box 371956 Pittsburgh, PA 15250					
05AM03	American Building Maintenance	Vendor		N	209,000.00	0.00
	2632 W. 10th Place Temple, AZ 85281					

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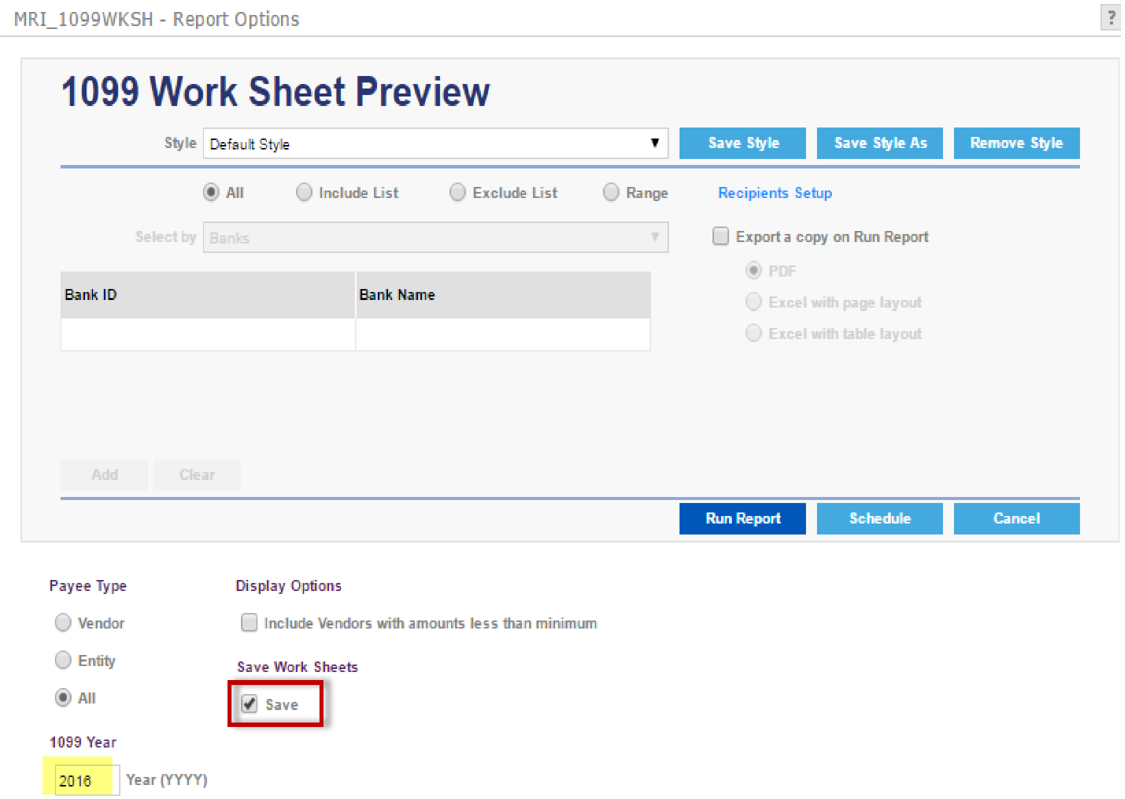
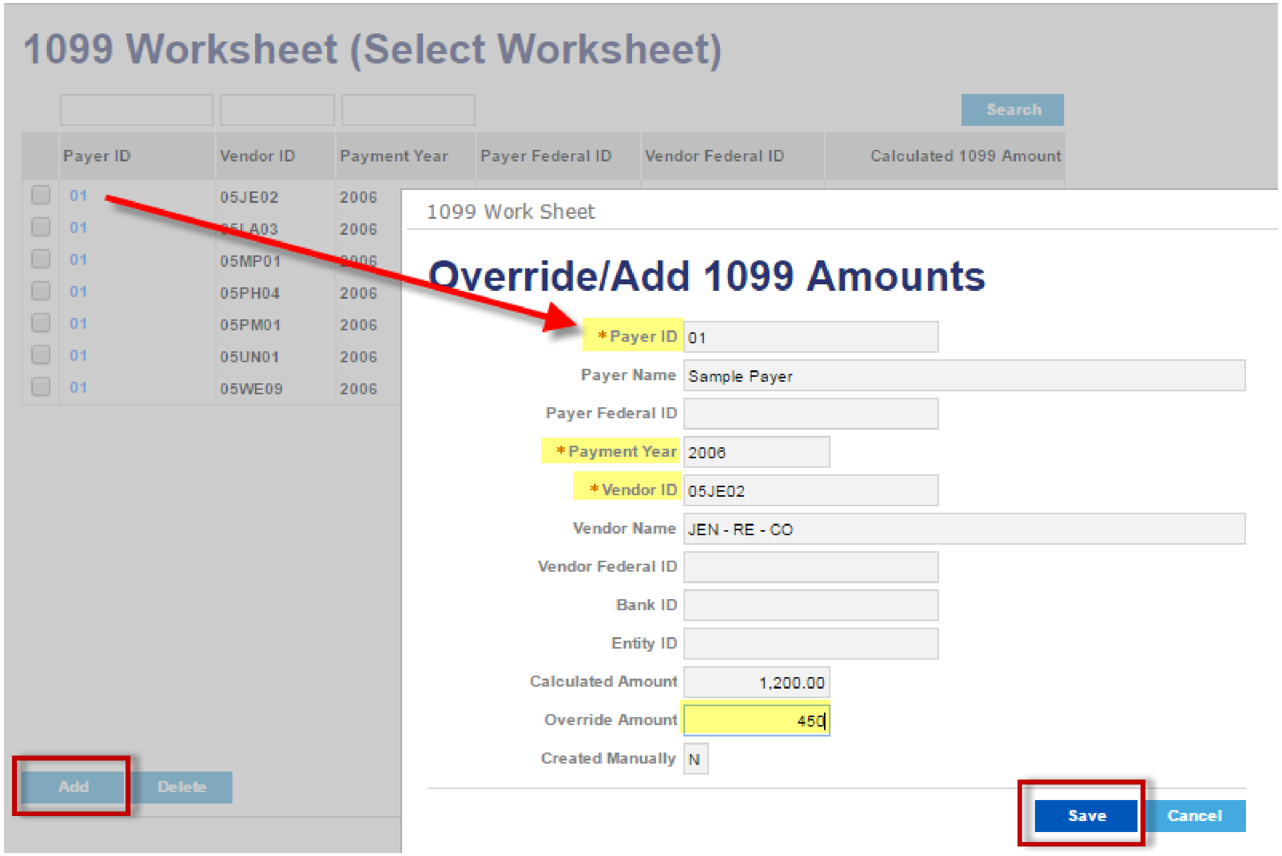
Worksheet Report

- **Generates a report just like the Preview Report**
- **Saves data to the T_199WKSH table**
    - Allows the data to be overridden if necessary
    - Overrides can be made from Override/Add 1099 Amounts



T_199WKSH (Override Data)

- Click on a PayerID to enter an override amount
- Click on Add to add a record
- Vendor must exist in the system



CAUTION: If a user re-runs the Worksheet report with the Save option checked again, all changes will be reverted

Worksheet Exception Report

- **If changes have been made, only Worksheet Exception Report should be run**
  - Displays all changes saved in the T_199WKSH table
- **Re-running the Worksheet Report with Save option checked will clear all data in the T_199WKSH table**

1-8 MRI_1099WSEP | 1 of 1 | 100%

Database: CL_X4
Tax Year: 2006
Payer Federal ID:
All 1099's shown

1099 Work Sheet Exception Report
CL_X4
Sample Payer

Page: 1
Date: 1/2/2017
Time: 10:00 PM

Vendor Number	Vendor Name	Federal Id Number	Original Amount	New Amount	Difference
05JE02	JEN - RE - CO P.O. Box 65352 Salt Lake City, UT 84165-0352		1,200.00	450.00	-750.00
05LA03	Lawyer Trane 3040 So. Valley View Blvd. Las Vegas, NV 891027875		100.00	100.00	
05MP01	San Jose Med Plaza Assoc 4420 Connecticut Ave NW Washington, DC 20008		100.00	100.00	
05PH04	Phoenix Regional Medical Center 1947 East Thomas Rd. Phoenix, AZ 85016		450,000.00	450,000.00	
05PM01	PM Realty Group 910 Travis Ste. 1000 Houston, TX 77002		98,158.20	98,158.20	
05UN01	Universal Building Services 3120 Pierce Street Richmond, CA 94804		1,050.00	1,050.00	
05WE09	Western Exterminator Company PO Box 11881 Santa Ana, CA 92711-1881		12,600.00	12,600.00	
		TOTALS	563,208.20	562,458.20	-750.00

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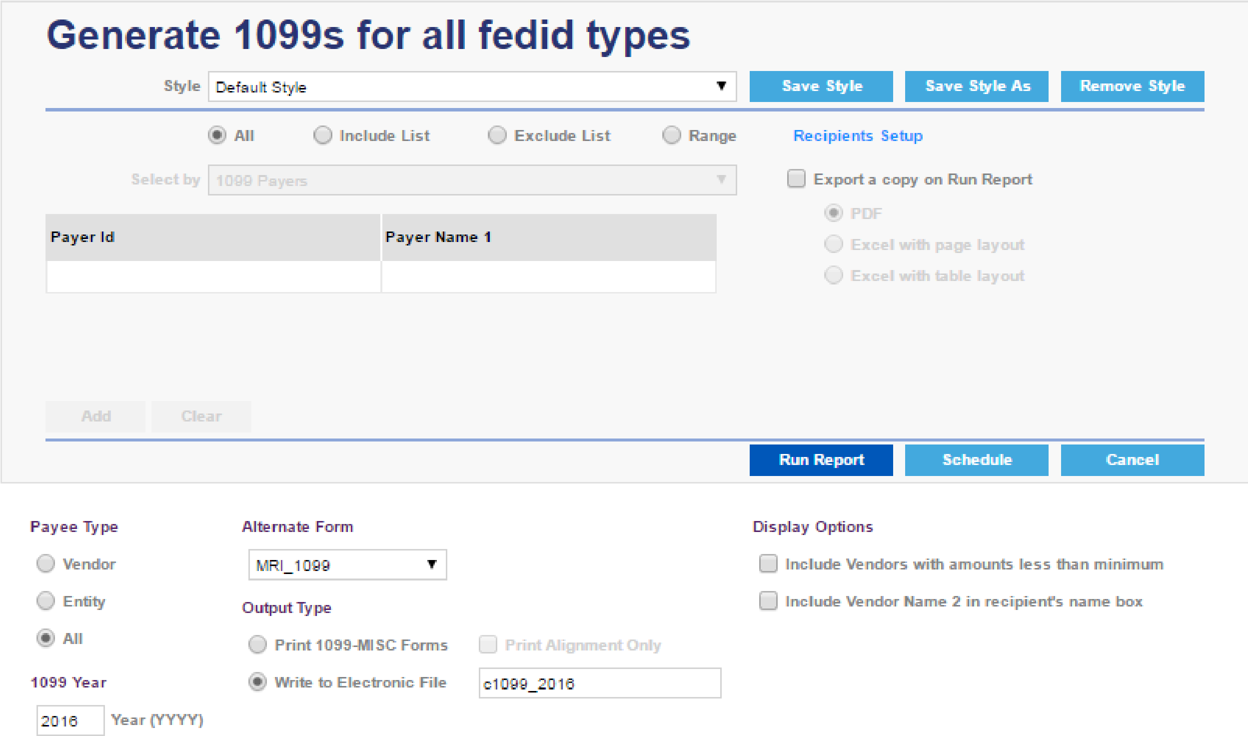
Generate 1099's

- **Generated on paper or electronically**
  - If electronically, file path needs to be specified
  - If on paper,1099-MISC form is selected from Alternate Form dropdown
  - Forms can be ordered from MRI or 3rd party provider

- **If a paper copy is used, the report will be run a minimum of 3 times**
  - IRS - copy
  - STATE - copy
  - VENDOR - copy



Review

- **1099's are a statement from a company to a service provider on payments made to that vendor for qualifying work**
- **1099's are similar to a W-2 that an employer provides to an employee – statement of earnings**
- **Only the 1099-MISC form is supported in MRI**
- **Setup is required to generate 1099's:**

    VEND (Vendors)

    GACC (Chart of Accounts)

    T_199PAYERS (1099 Payers)

- **To electronically file, additional setup is required:**

    T_199T – Transmitter info

    T_199A – E-Payer info

    FDST – Federal/State Combined

Review

Recommended steps for processing:

- Preview Report
- Worksheet Report

  Changes can be made in the T_199WKSH table/view

- Worksheet Exception Report
- Generate 1099's - 3 copies at minimum will need to be generated if printing on paper

  IRS

  State

  Vendor

  Copy for your own records (if applicable)

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Important Links

- **Ordering 1099-MISC Forms from MRI**
  http://www.mrisoftware.com/order-supplies/

- **All 1099 Information**
  http://www.mrisoftware.com/form1099/

Thank you!

Please contact MRI Support via our myMRI Client Portal or phone for questions and issues related to 1099 Setup and Processing:

http://myMRI.mrisoftware.com

or

(877) 579-8896