1099 WINDOWS SETUP AND PROCESSING

Tax Year 2022

REAL ESTATE SOFTWARE

AGENDA

1099 Windows Setup and Processing

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

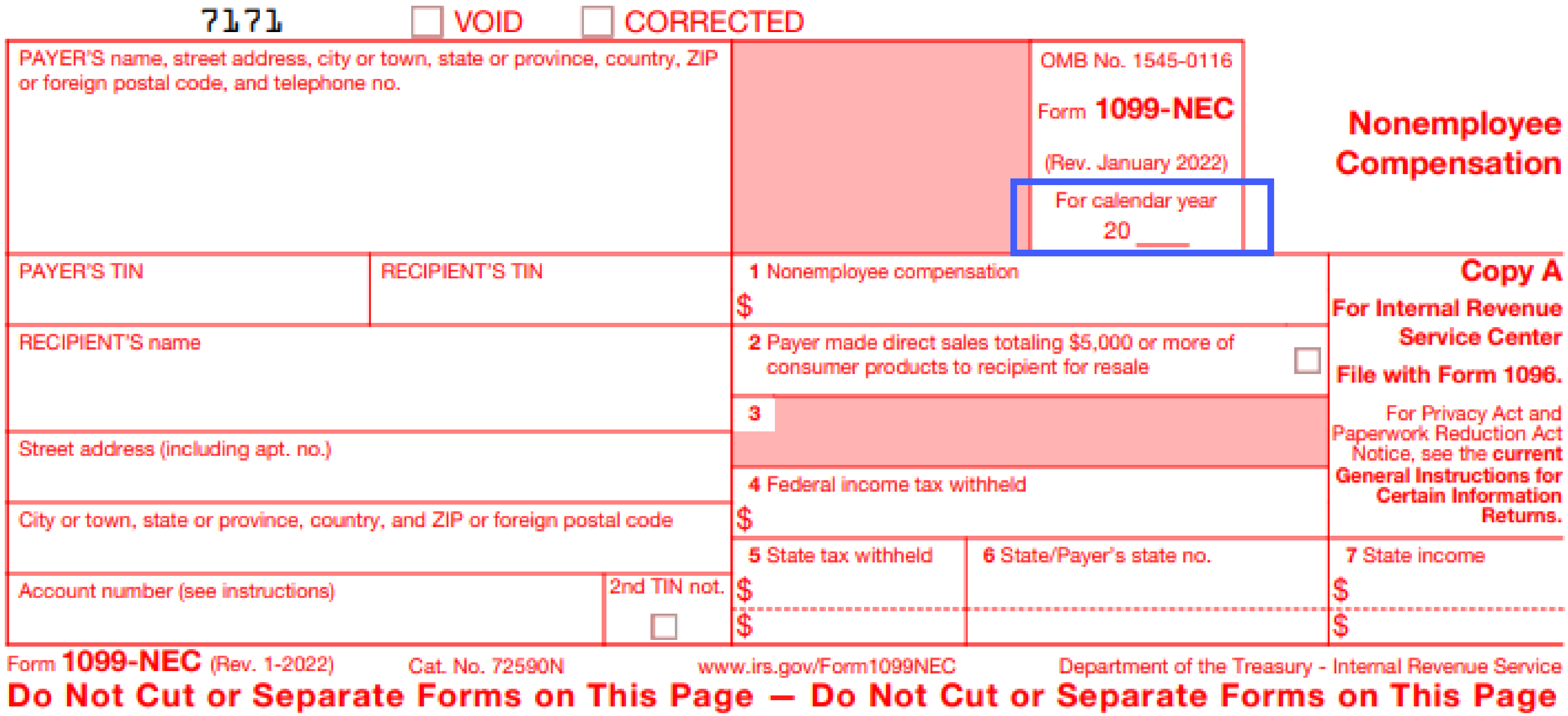
1099 OVERVIEW

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 Information** (formally Miscellaneous Income)
    - **1099-NEC: Non-Employee Compensation**
- MRI Software only supports the processing and printing of 1099-NEC and1099-MISC forms
- Reports payments to vendors made in excess of $600 for tax year

1099-NEC FORM

- 1099-NEC is used for qualifying payments of at least $600 made to non-employees
- Most qualifying payments processed in MRI will be reported on 1099-NEC, unless a vendor is set up as a Property Payee type or marked as Attorney's Fees
- Starting in tax year 2022, the year will no long be pre-printed on the forms. vX.5.10.2 contains this update


7171 VOID CORRECTED

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

OMB No. 1545-0116

Form 1099-NEC

(Rev. January 2022)

For calendar year 20 ___

Nonemployee Compensation

PAYER'S TIN

RECIPIENT'S TIN

1 Nonemployee compensation $

Copy A For Internal Revenue Service Center

File with Form 1096.

RECIPIENT'S name

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

3

For Privacy Act and Paperwork Reduction Act Notice, see the current General Instructions for Certain Information Returns.

Street address (including apt. no.)

4 Federal income tax withheld $

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

5 State tax withheld $ $

6 State/Payer's state no.

7 State income $ $

Account number (see instructions)

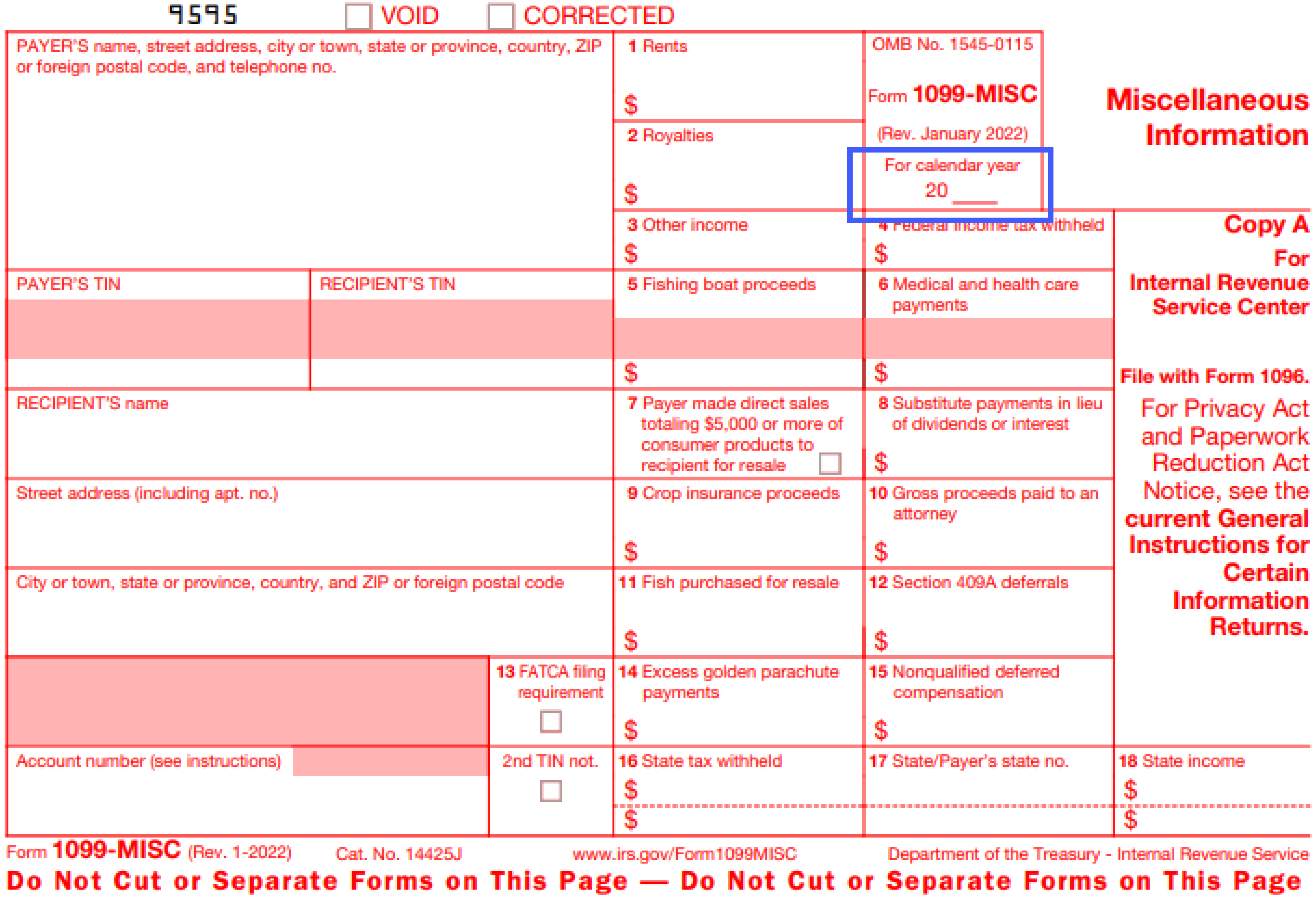
2nd TIN not.

Form 1099-NEC (Rev. 1-2022) Cat. No. 72590N www.irs.gov/Form1099NEC Department of the Treasury - Internal Revenue Service

Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

1099-MISC FORM

- 1099-MISC is used for payments of at least $600 for specific activities
- Most common MRI scenarios are:
  - A vendor is set up as a Property Payee type – payments will be reported in Box 1
  - A vendor has the 1099 Attorney Fees box checked – payments will be reported in Box 10
- Starting in tax year 2022, the year will no long be pre-printed on the forms. vX.5.10.2 contains this update


9595 VOID CORRECTED

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

1 Rents $

OMB No. 1545-0115

Form 1099-MISC (Rev. January 2022)

For calendar year 20 __

Miscellaneous Information

2 Royalties $

3 Other income $

4 Federal income tax withheld $

Copy A For Internal Revenue Service Center

PAYER'S TIN

RECIPIENT'S TIN

5 Fishing boat proceeds $

6 Medical and health care payments $

File with Form 1096.

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 $

For Privacy Act and Paperwork Reduction Act Notice, see the current General Instructions for Certain Information Returns.

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 $

Account number (see instructions)

2nd TIN not.

16 State tax withheld $ $

17 State/Payer's state no.

18 State income $ $

Form 1099-MISC (Rev. 1-2022) Cat. No. 14425J www.irs.gov/Form1099MISC Department of the Treasury - Internal Revenue Service

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Note: only payments made to an attorney in the course of business but not for attorney's services (for example, a settlement agreement) are reported on 1099-MISC. Fees for legal services should be reported in Box 1 on the 1099-NEC form. See IR 119074.
For more information, consult IRS.gov or your tax attorney

HOW AND WHEN TO FILE

- If payments are reported on 1099-NEC, paper forms and electronic files are due by **1/31/2023**

- If payments are reported on 1099-MISC:
  - Paper filings are due **2/28/2023**
  - Electronic filings are due **3/31/2023**

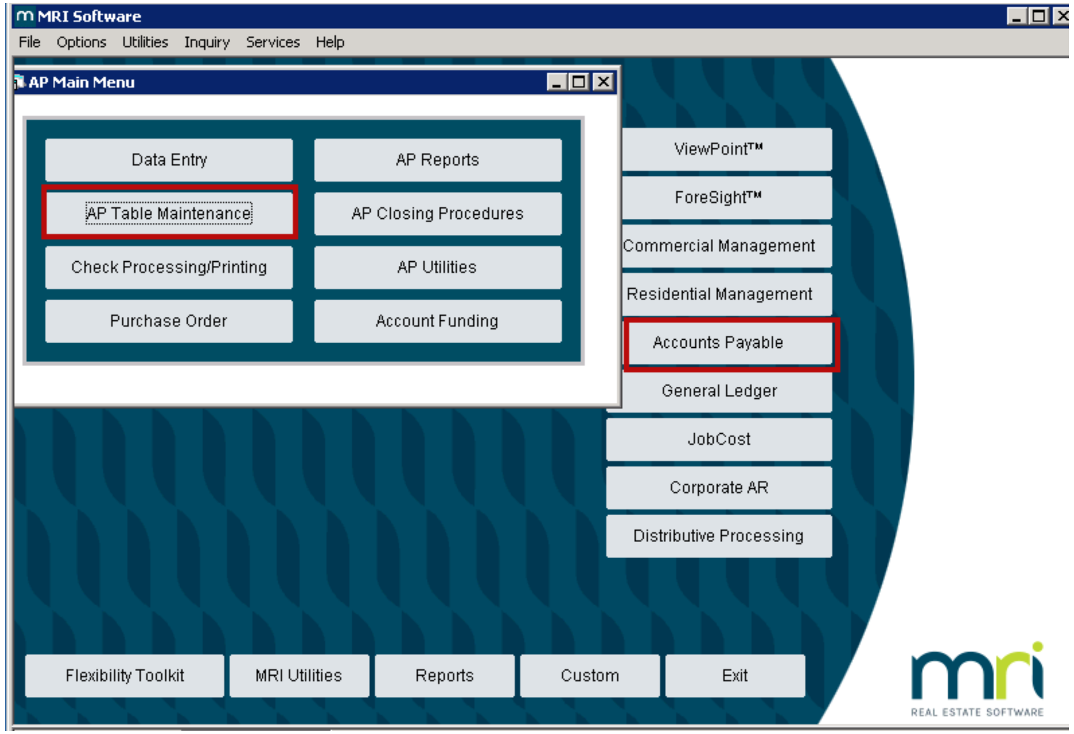
- If filing more than 250 1099’s, electronic filings are required.

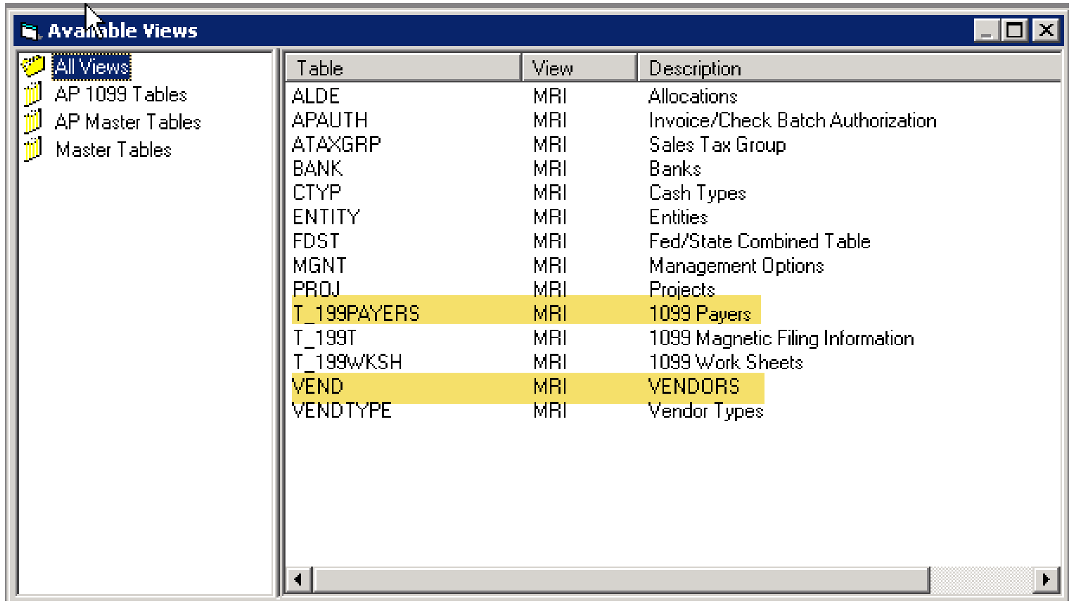
1099 WINDOWS SETUP

SETUP

Setup and Maintenance > Accounts Payable

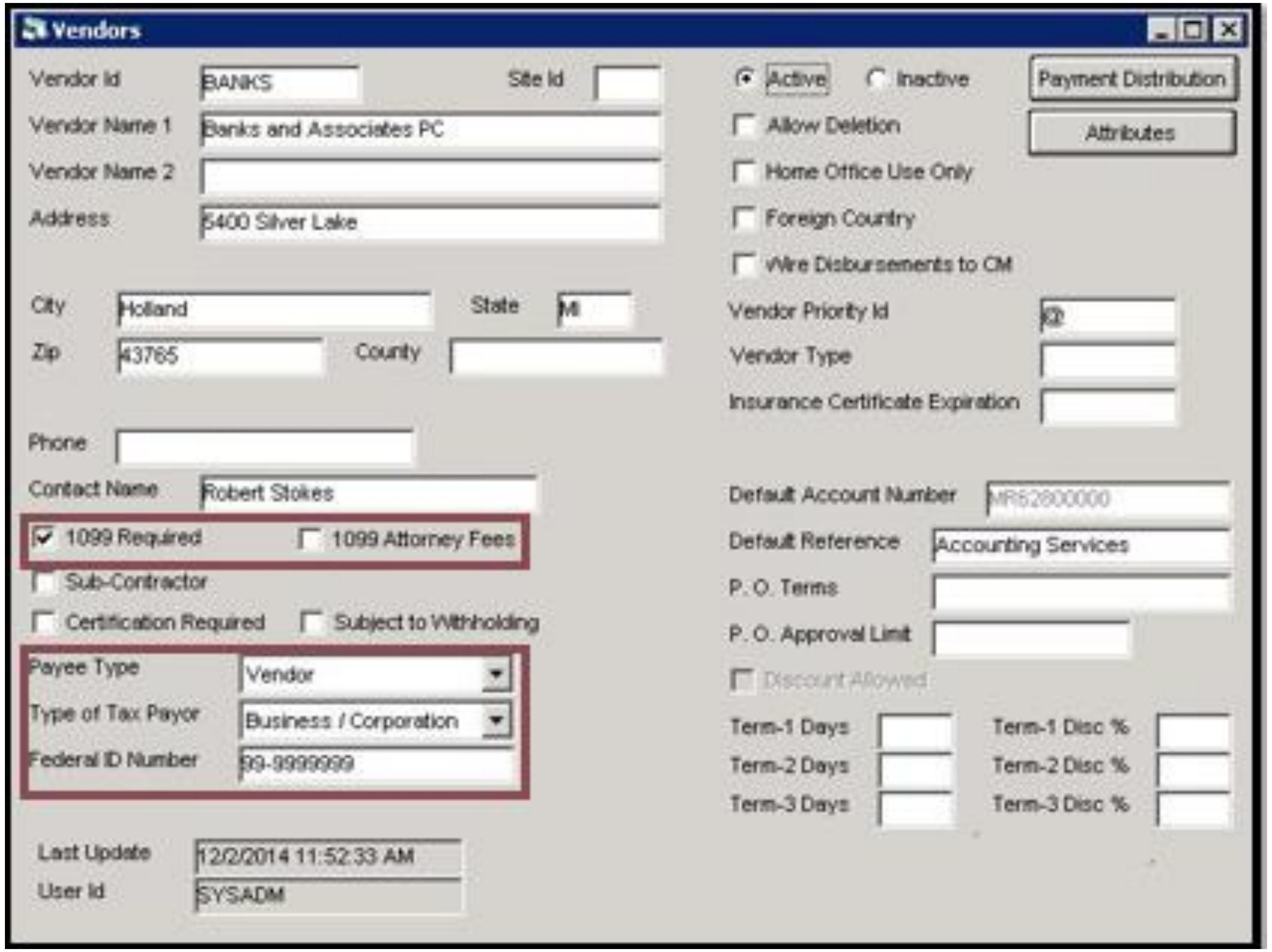
- In order for 1099 processing to work, the setup must be completed for the following tables:
  - VEND (Vendors)
  - GACC (Chart of Accounts)
  - T_199PAYERS (1099 Payers)
  - If filing electronically,T_199T (Transmitter) and T_199A (E-Payers)





SETUP- VEND (VENDORS)

- Vendor should be active
- Check boxes
  - Indicate vendor should receive a 1099 and what type
  - Whether they will report attorney payments on 1099-MISC Box 10
- 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 form)
  - Property Payee: 1099-MISC Box 1
  - Vendor: 1099-NEC Box 1



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

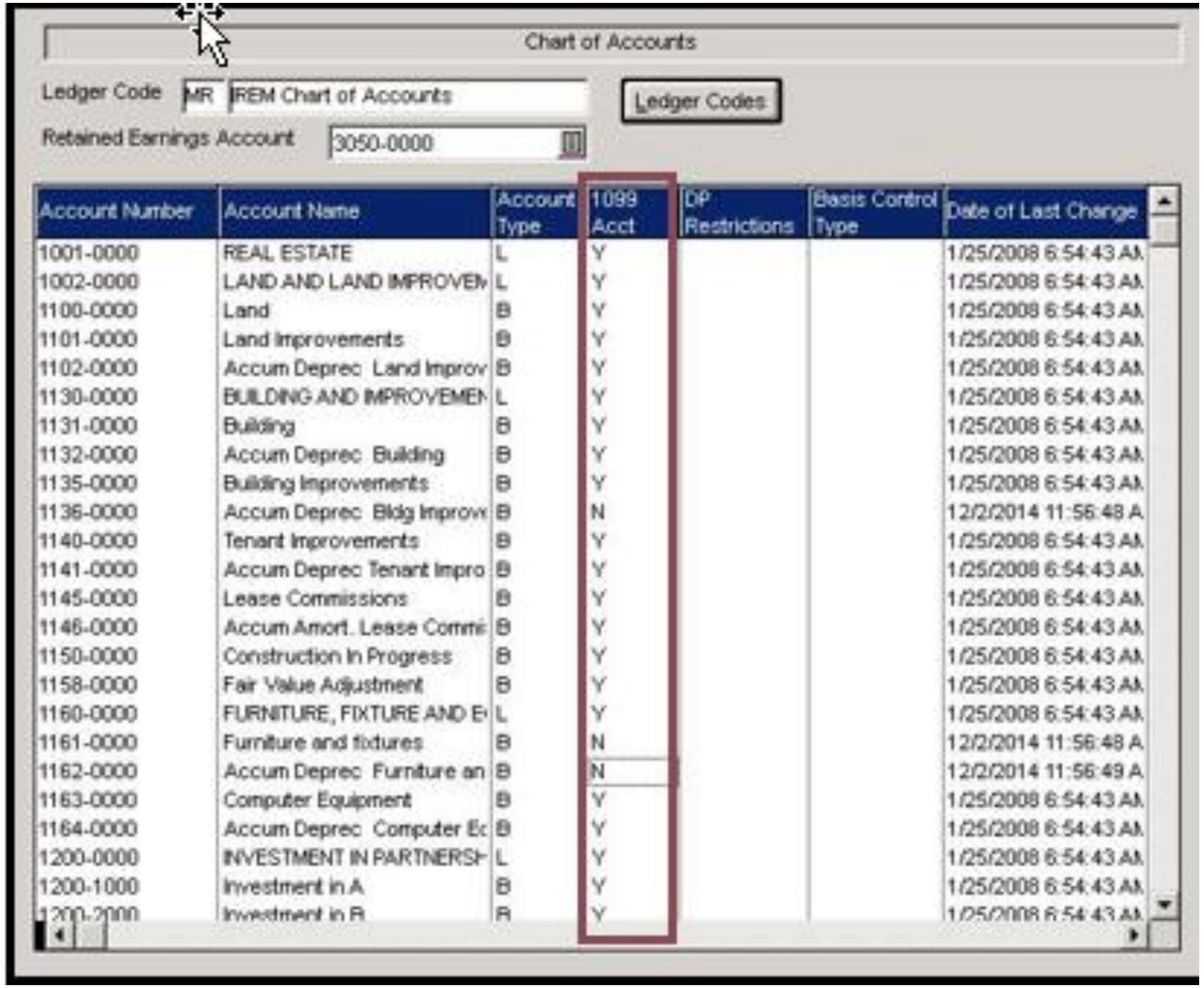


Chart of Accounts

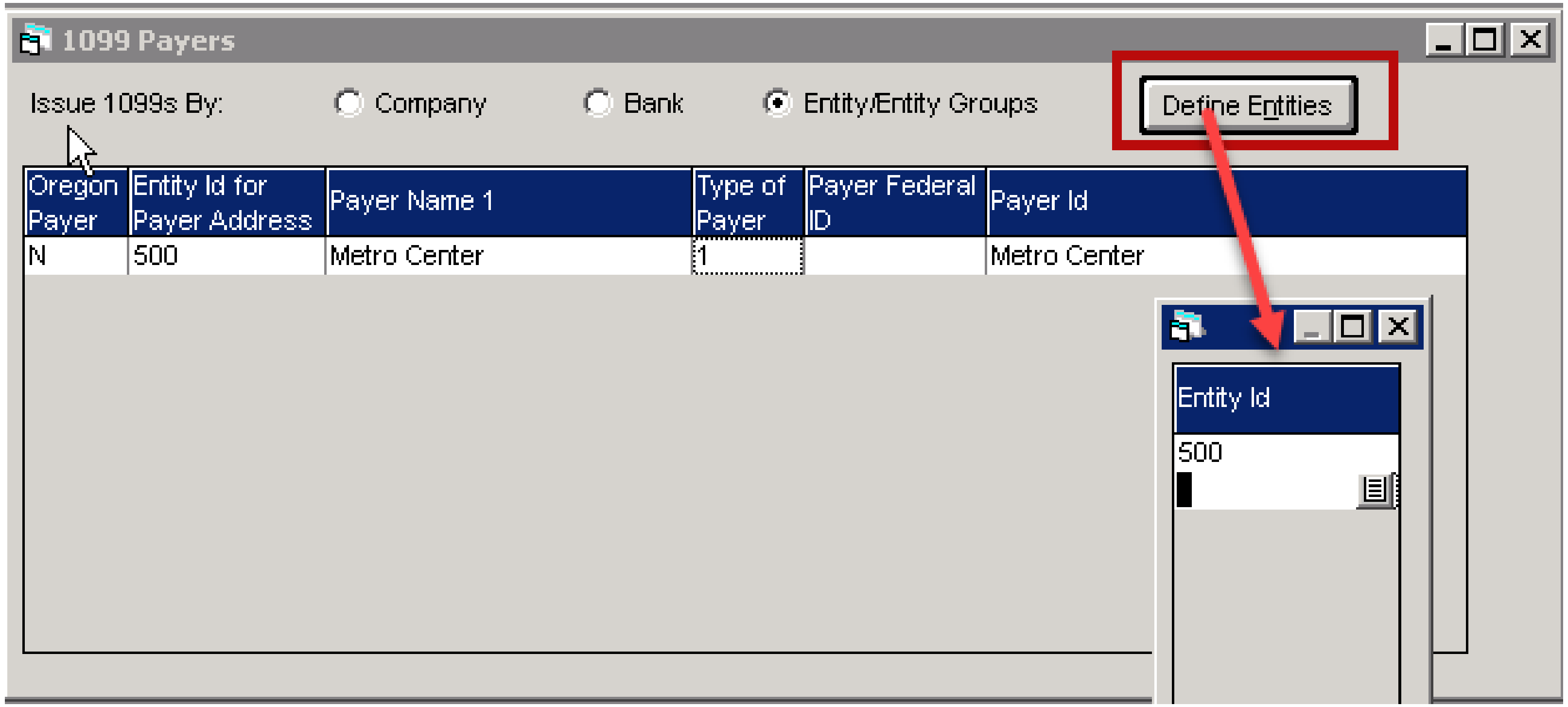
Ledger Code MR REM Chart of Accounts Ledger Codes

Retained Earnings Account 3050-0000

Account Number	Account Name	Account Type	1099 Acct	DP Restrictions	Basis Control Type	Date of Last Change
1001-0000	REAL ESTATE	L	Y			1/25/2008 6:54:43 AM
1002-0000	LAND AND LAND IMPROVEM	L	Y			1/25/2008 6:54:43 AM
1100-0000	Land	B	Y			1/25/2008 6:54:43 AM
1101-0000	Land Improvements	B	Y			1/25/2008 6:54:43 AM
1102-0000	Accum Deprec Land Improv	B	Y			1/25/2008 6:54:43 AM
1130-0000	BUILDING AND IMPROVEMEN	L	Y			1/25/2008 6:54:43 AM
1131-0000	Building	B	Y			1/25/2008 6:54:43 AM
1132-0000	Accum Deprec Building	B	Y			1/25/2008 6:54:43 AM
1135-0000	Building Improvements	B	Y			1/25/2008 6:54:43 AM
1136-0000	Accum Deprec Bldg Improve	B	N			12/2/2014 11:56:48 A
1140-0000	Tenant Improvements	B	Y			1/25/2008 6:54:43 AM
1141-0000	Accum Deprec Tenant Impro	B	Y			1/25/2008 6:54:43 AM
1145-0000	Lease Commissions	B	Y			1/25/2008 6:54:43 AM
1146-0000	Accum Amort. Lease Commi	B	Y			1/25/2008 6:54:43 AM
1150-0000	Construction In Progress	B	Y			1/25/2008 6:54:43 AM
1158-0000	Fair Value Adjustment	B	Y			1/25/2008 6:54:43 AM
1160-0000	FURNITURE, FIXTURE AND E	L	Y			1/25/2008 6:54:43 AM
1161-0000	Furniture and fixtures	B	N			12/2/2014 11:56:48 A
1162-0000	Accum Deprec Furniture an	B	N			12/2/2014 11:56:49 A
1163-0000	Computer Equipment	B	Y			1/25/2008 6:54:43 AM
1164-0000	Accum Deprec Computer Ec	B	Y			1/25/2008 6:54:43 AM
1200-0000	INVESTMENT IN PARTNERSH	L	Y			1/25/2008 6:54:43 AM
1200-1000	Investment in A	B	Y			1/25/2008 6:54:43 AM
1200-2000	Investment in B	B	Y			1/25/2008 6:54:43 AM

SETUP – T_199PAYERS (1099 PAYERS)

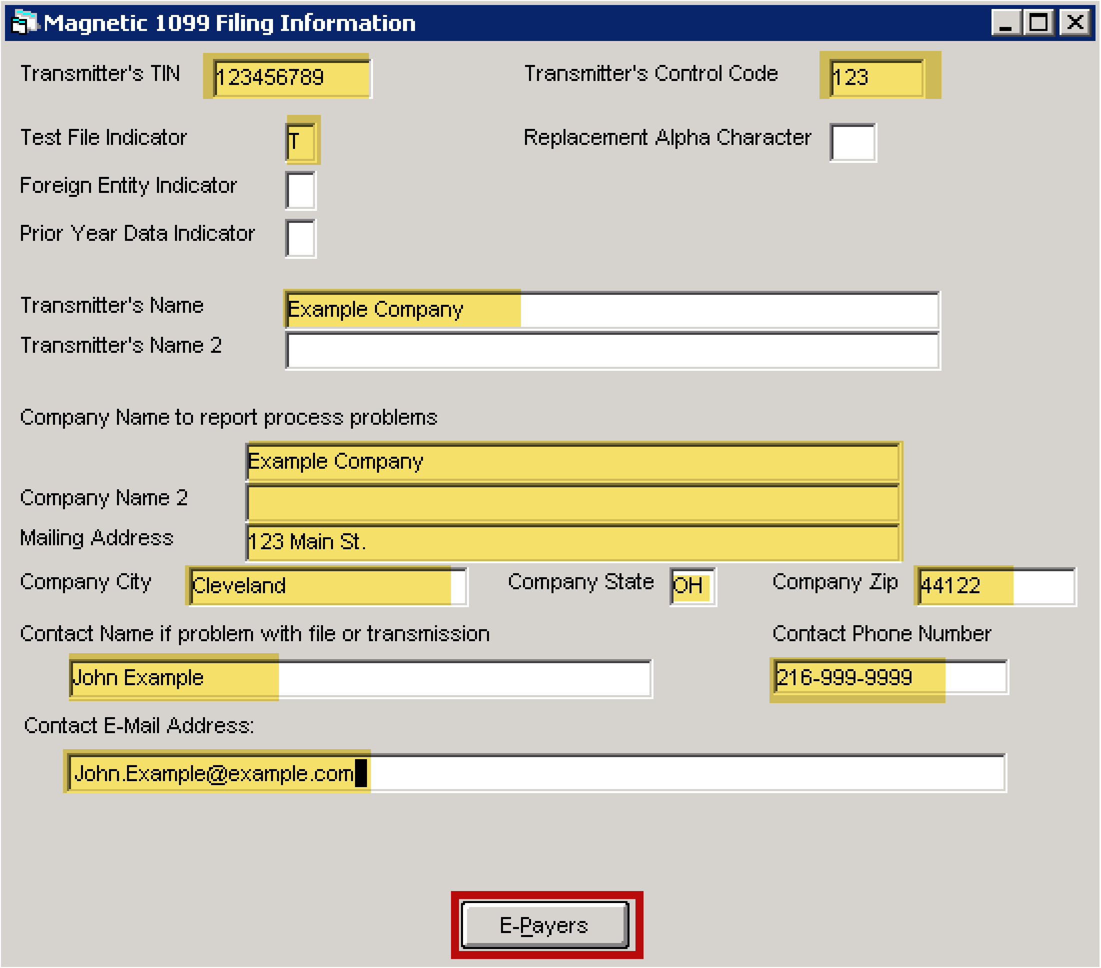
- This identifies the payer and the Payers Fed. ID #
- This information shows on the 1099 form under Payer's Information
- A company can choose to report by Company Name, Bank or Entity/Entity Group
  - If reporting by Entity Group – must select the Define Entities button
- If the Payer is located in Oregon, indicate this with a Y in the Oregon Payer column



SETUP – T_199PAYERS (TRANSMITTER INFO)

Only required if filing electronically

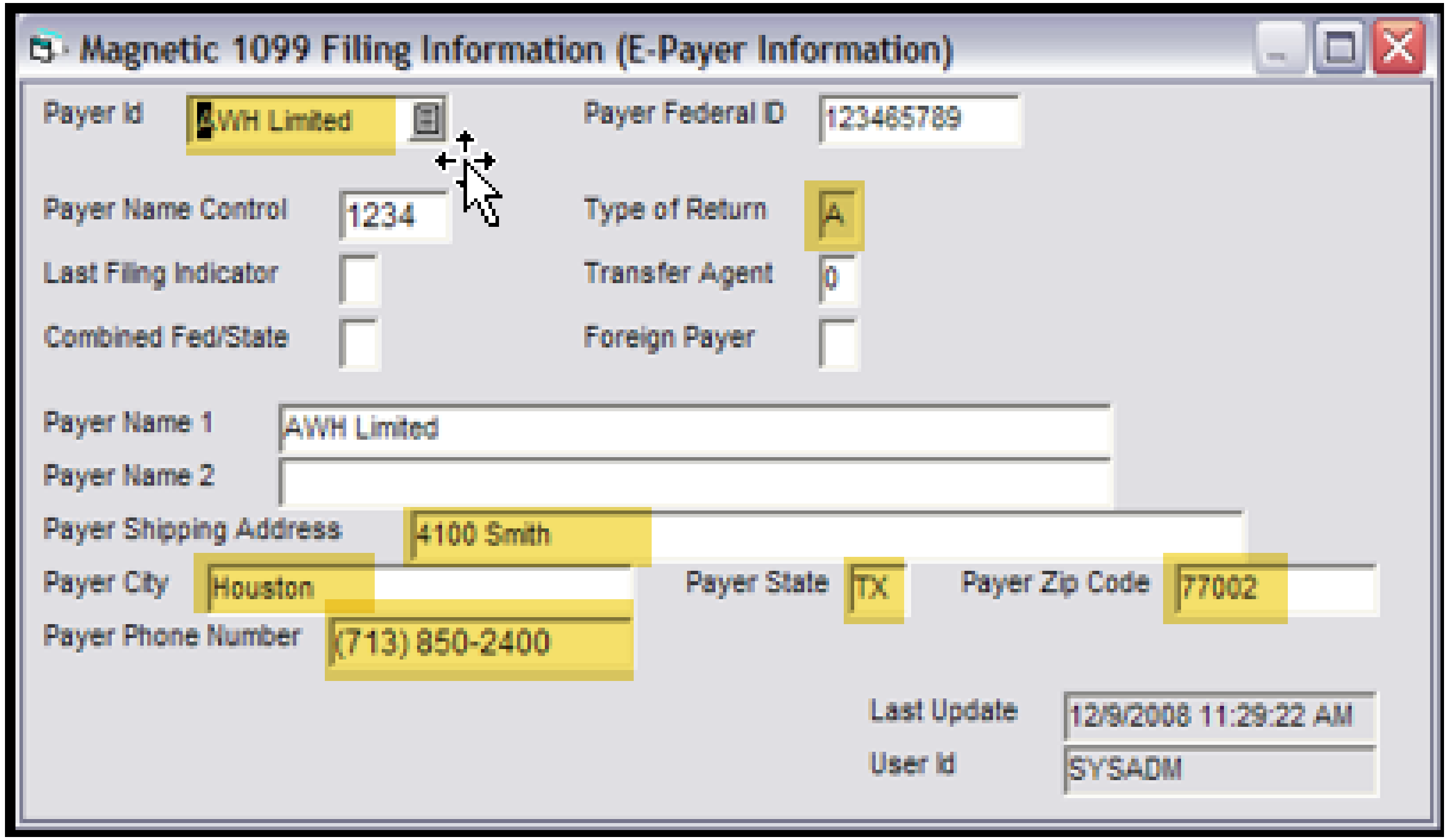
- Electronic File Name and Transmitters Media Number fields are no longer used
- Transmitter may be the company or a service provider
- Transmitter’s TIN is the Fed ID number of the Transmitter
- Transmitter Control Code
  - Supplied by the IRS



SETUP – T_199PAYERS (E-PAYER INFO)

Only required if filing electronically

- Identifies the e-payer (company) in the electronic file
- One record for each payer
- In addition to, not in lieu of, the T_199Payers table
  - Payer must first be set up on the Payer's table



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

Fed/State Combined Table

State Abbreviation	State Code	1099 Default Amount	Last Update	User Id
AZ	11	800.00	12/3/2015 12:57:57 PM	SYSADM
NE	28	750.00	12/3/2015 12:57:57 PM	SYSADM

1099 WINDOWS PROCESSING

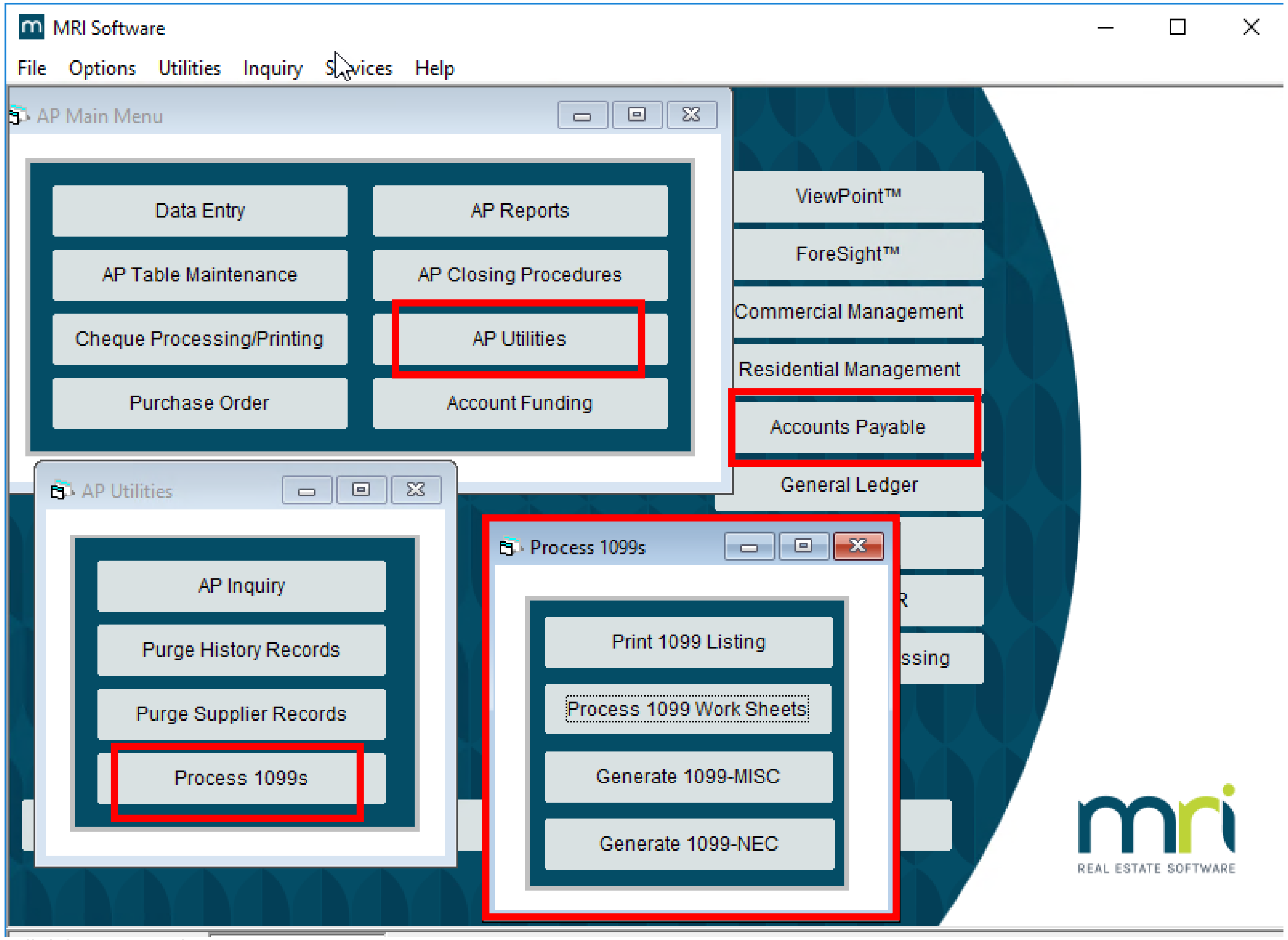
PROCESSING 1099'S

- To process 1099's the following steps are recommended:
  - 1099 Preview Listing Report
    - Review data for accuracy
  - If changes are necessary, Process 1099 Worksheets
    - Override/Add 1099 Amounts
    - Rerun 1099 Listing Report – confirm all changes
  - Generate 1099-NEC and 1099-MISC – will generate 1099's on paper or electronically

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

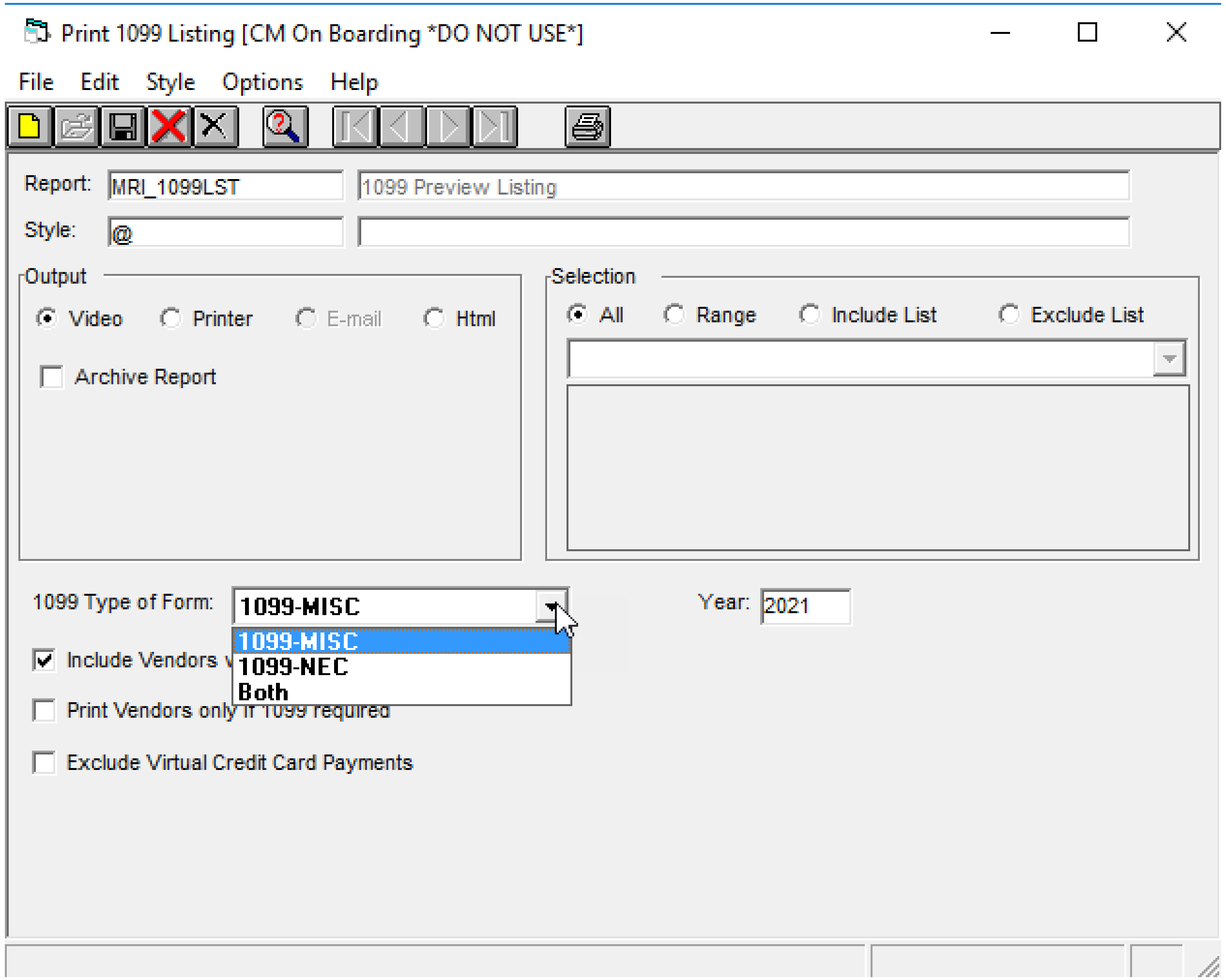
PROCESSING 1099'S

To process 1099s click Accounts Payable > AP Utilities > Process 1099s



1099 LISTING REPORT

- Allows user to preview the data in the system that is set to be reported
- Its is recommended that you run by ‘All’ Payee types
  - If running by Vendor Payee type, only Vendor Payee types will be included
  - If running by Entity Payee Type, only Property Payees will be included
- Its is recommended that each report be run separately, to confirm the payments are reported on the proper form.



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Database: CMMASTER
Tax Year: 2021
Payer Federal Id: 50-0555555

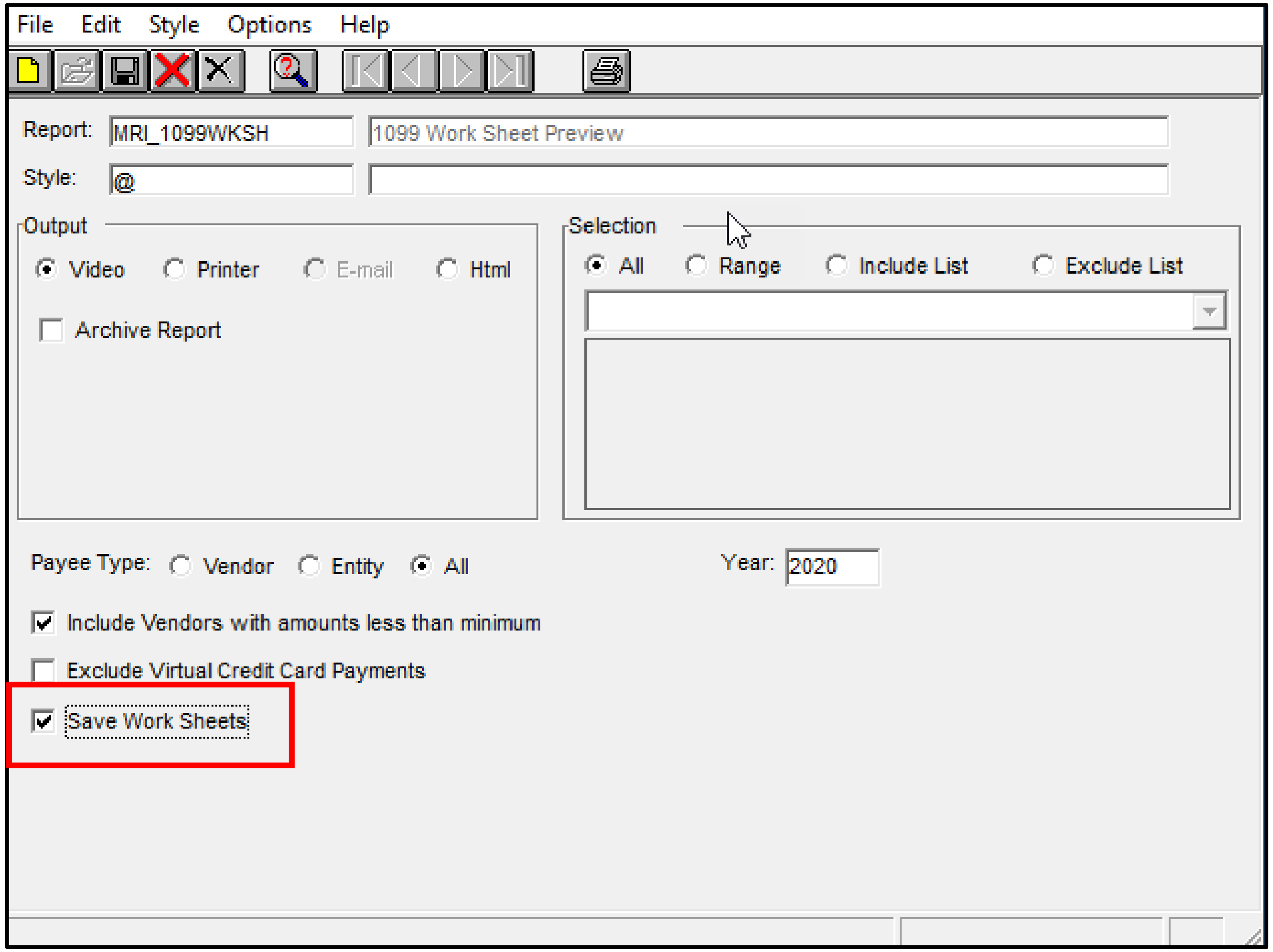
1099 Preview Listing
CM On Boarding *DO NOT USE*
Five Hundred

Page: 1
Date: 12/15/2021
Time: 03:59 PM

Vendor Number	Vendor Name	Payee Type	Federal Id Number	Filing Status	Manual Worksheet	Original Amount	Worksheet Amount	Reporting Amount
AJAX	AJ Legal Settlement Services 9901 Barber Street Cleveland, OH 44445	Vendor	12-3456789	Y	N	200.00	1,200.00	1,200.00
COLG	Columbia Gas 1235 South Granger Road North Ridge, OH 44225	Property I	12-3456789	Y	N	10,199.04	10,199.04	10,199.04

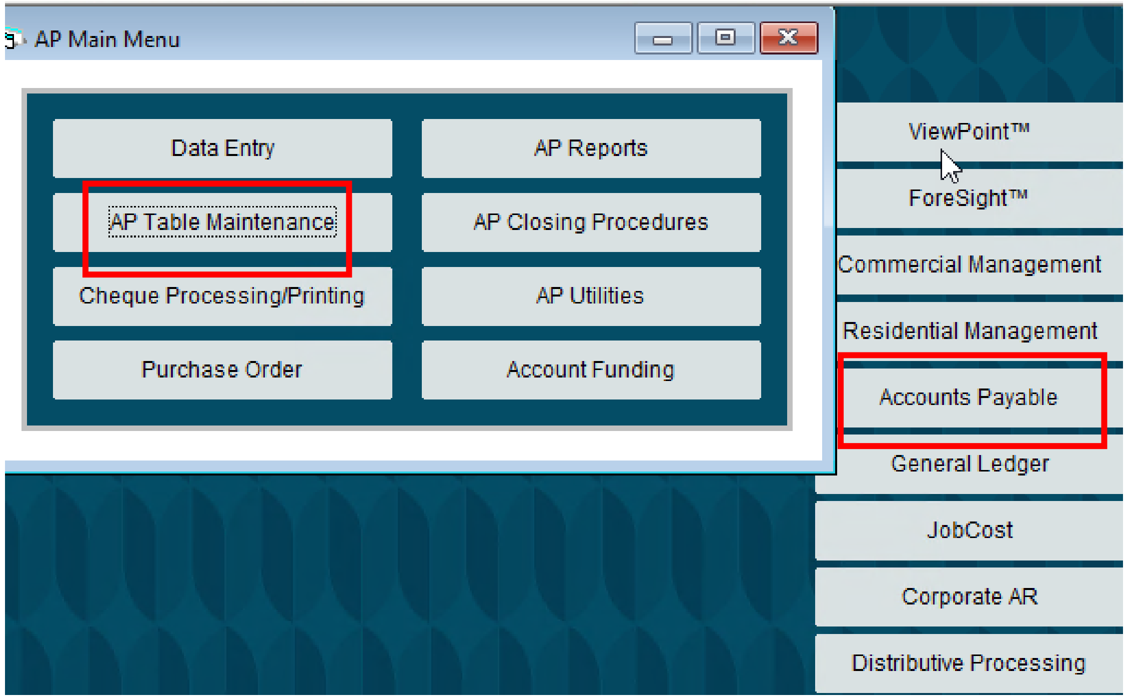
PROCESS 1099 WORKSHEETS

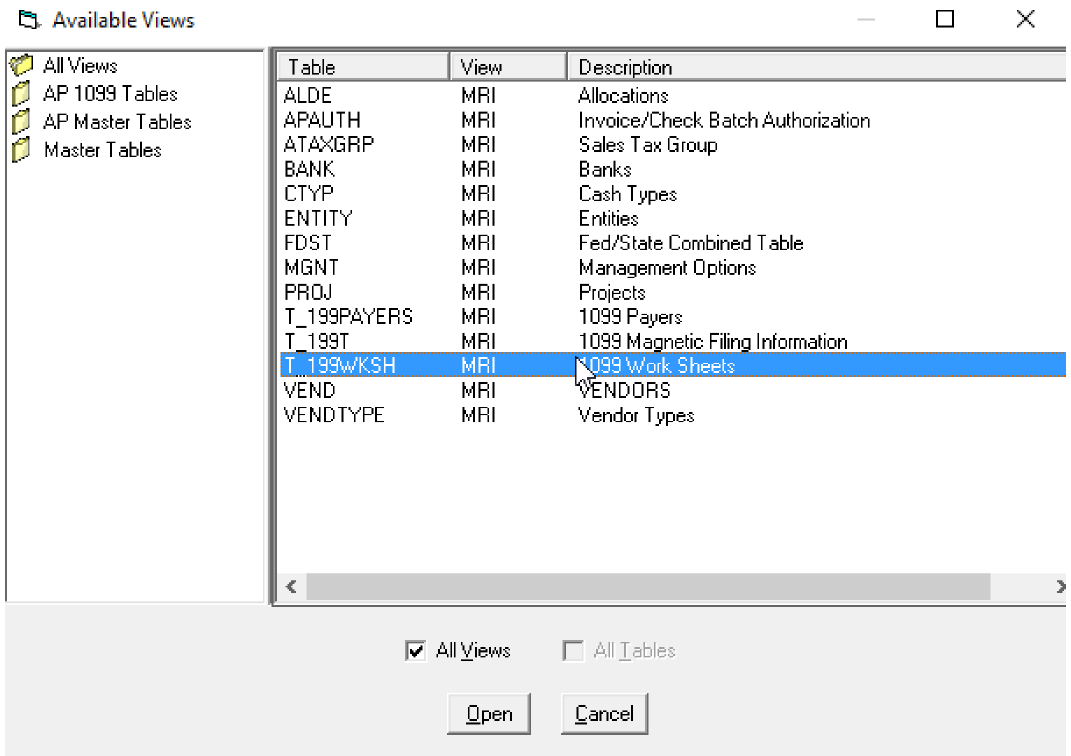
- Generates a report similar to Preview Listing Report
- Check the ‘Save Work Sheets’ option to save data to the T_199WKSH table
  - Allows the data to be modified, if necessary
- If you need to increase a payment amount to a vendor, check the ‘Include Vendors with amounts less than minimum’ box to ensure a record is created on the worksheet



T_199WKSH (OVERRIDE DATA)

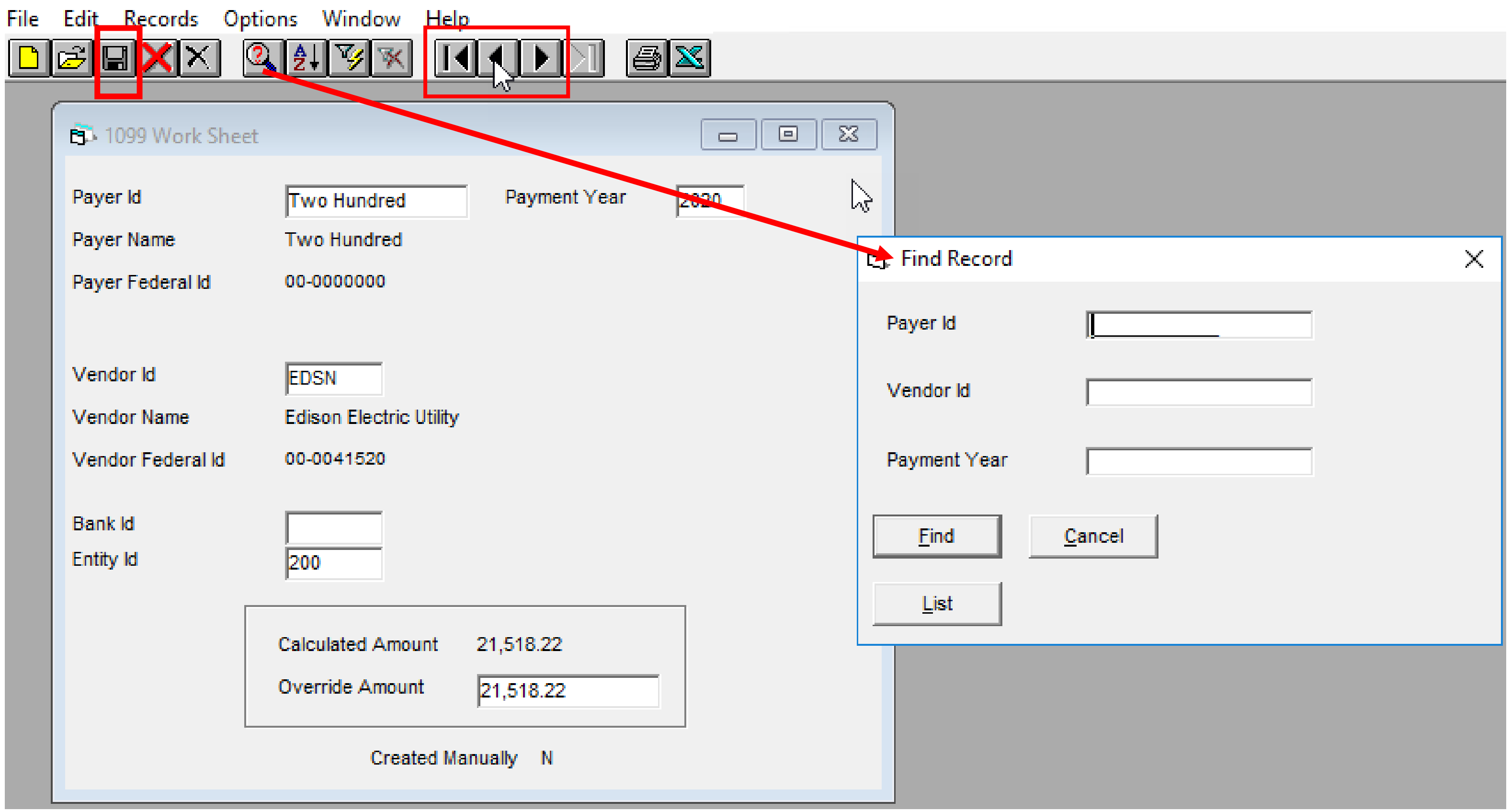
To access the Worksheets, click Accounts Payable > AP Table Maintenance > T_199WKSH





T_199WKSH (OVERRIDE DATA)

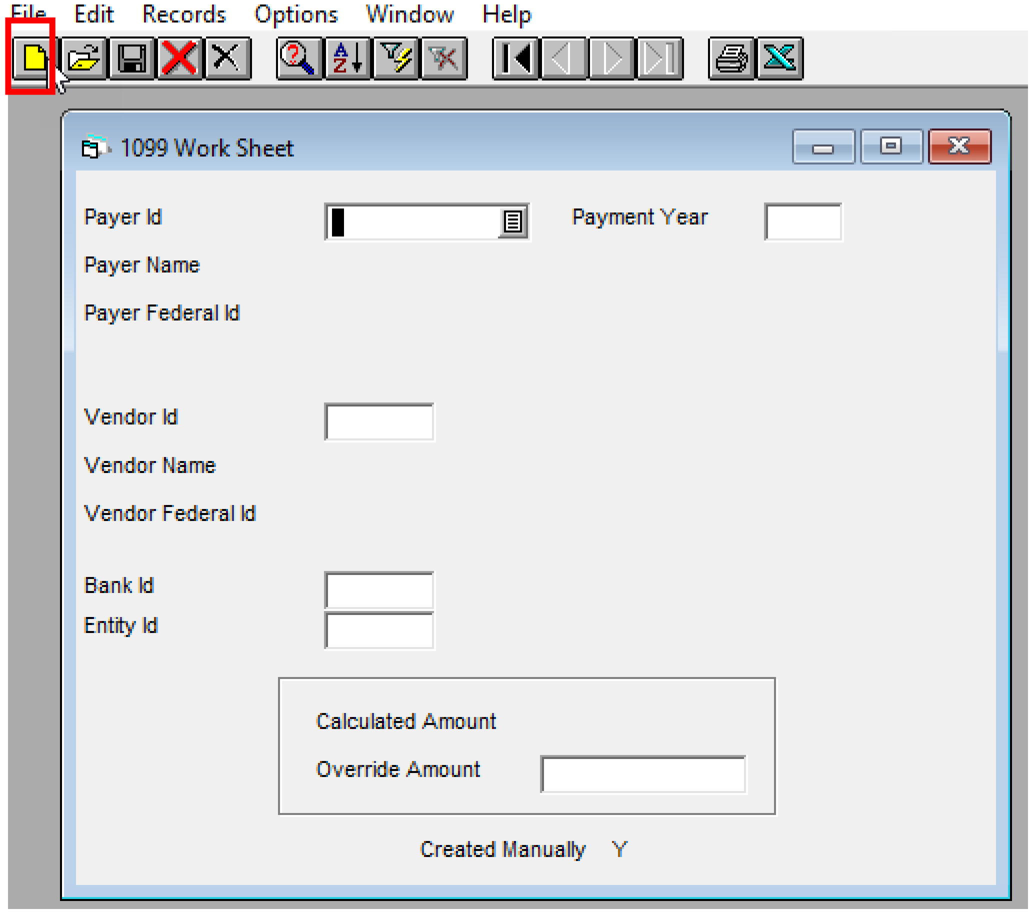
- Use the black arrows to scroll through the records or click on the magnifying glass to search for a record
- Pay attention to the correct payment year
- Enter the Override Amount
- Click the Save icon



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

T_199WKSH (OVERRIDE DATA)

- To add a record, click on the Add icon
  - Vendor must exist in the system
- Select the Payer ID, and Vendor ID, enter the Payment and the Override Amount. Click the Save icon
- Any vendor with qualifying payments in the system must be modified through the worksheet

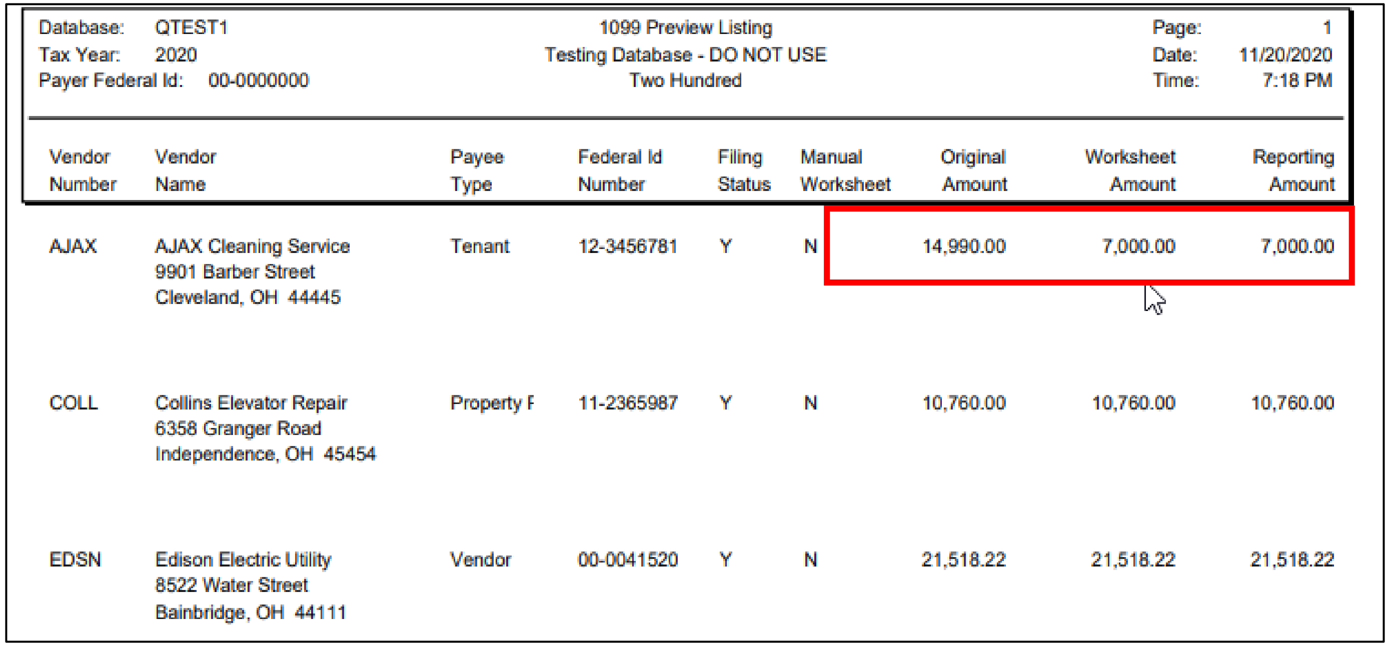


CAUTION: If a user re-runs the Worksheet report with the Save option checked again, all changes will be reverted

RERUN 1099 LISTING REPORT

- If changes have been made, rerun the 1099 Listing Report
  - Displays all changes saved in the T_199WKSH table
  - Verify the data is correct

- CAUTION: reprocessing the 1099 Worksheets with the Save option checked will revert all changes made in the worksheets



Database: QTEST1 | 1099 Preview Listing | Page: 1
Tax Year: 2020 | Testing Database - DO NOT USE | Date: 11/20/2020
Payer Federal Id: 00-0000000 | Two Hundred | Time: 7:18 PM

Vendor Number	Vendor Name	Payee Type	Federal Id Number	Filing Status	Manual Worksheet	Original Amount	Worksheet Amount	Reporting Amount
AJAX	AJAX Cleaning Service 9901 Barber Street Cleveland, OH 44445	Tenant	12-3456781	Y	N	14,990.00	7,000.00	7,000.00
COLL	Collins Elevator Repair 6358 Granger Road Independence, OH 45454	Property F	11-2365987	Y	N	10,760.00	10,760.00	10,760.00
EDSN	Edison Electric Utility 8522 Water Street Bainbridge, OH 44111	Vendor	00-0041520	Y	N	21,518.22	21,518.22	21,518.22

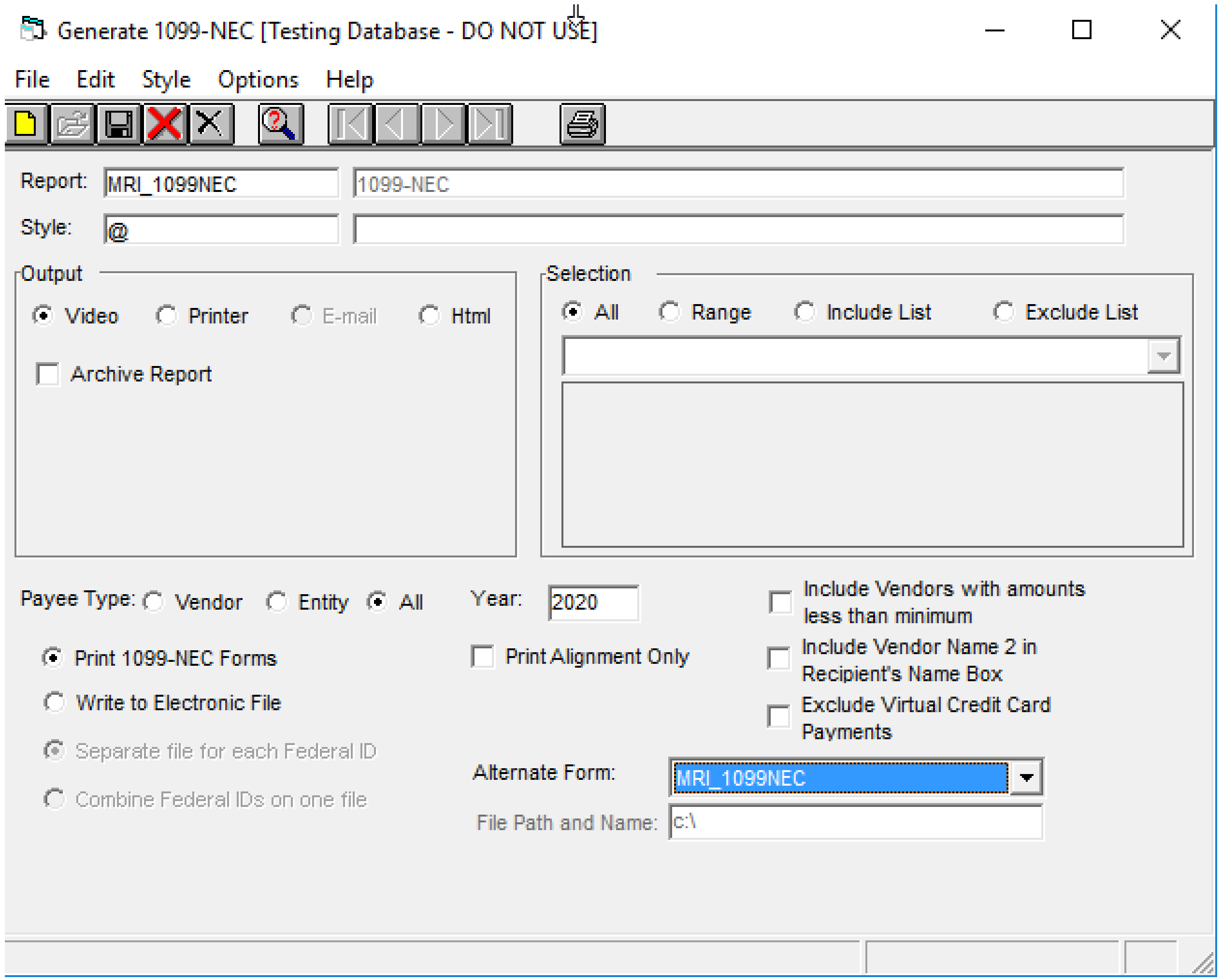
1099-NEC

Generated on paper or electronically

- If electronically, file path needs to be specified
- If on paper,1099-NEC form is selected from Alternate Form dropdown
- Select payee type VENDOR or ALL
    - DO NOT RUN 1099-NEC for Payee Type ‘Entity’
- 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



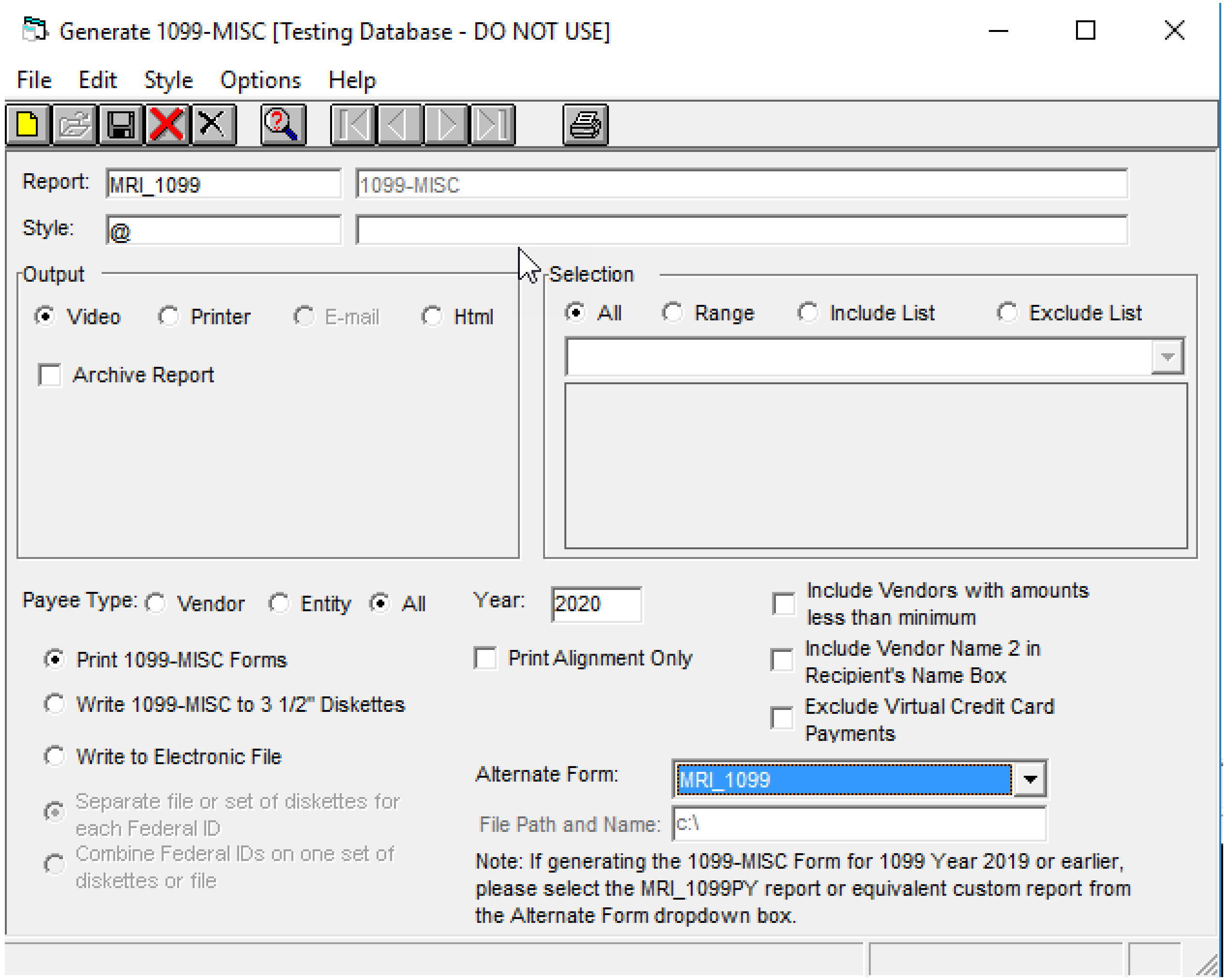
1099-MISC

Generated on paper or electronically

- If electronically, file path needs to be specified
- If on paper, MRI_1099 is selected from Alternate Form dropdown
- Select payee type ENTITY or ALL
    - DO NOT RUN 1099-MISC for Payee Type ‘Vendor’
- 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



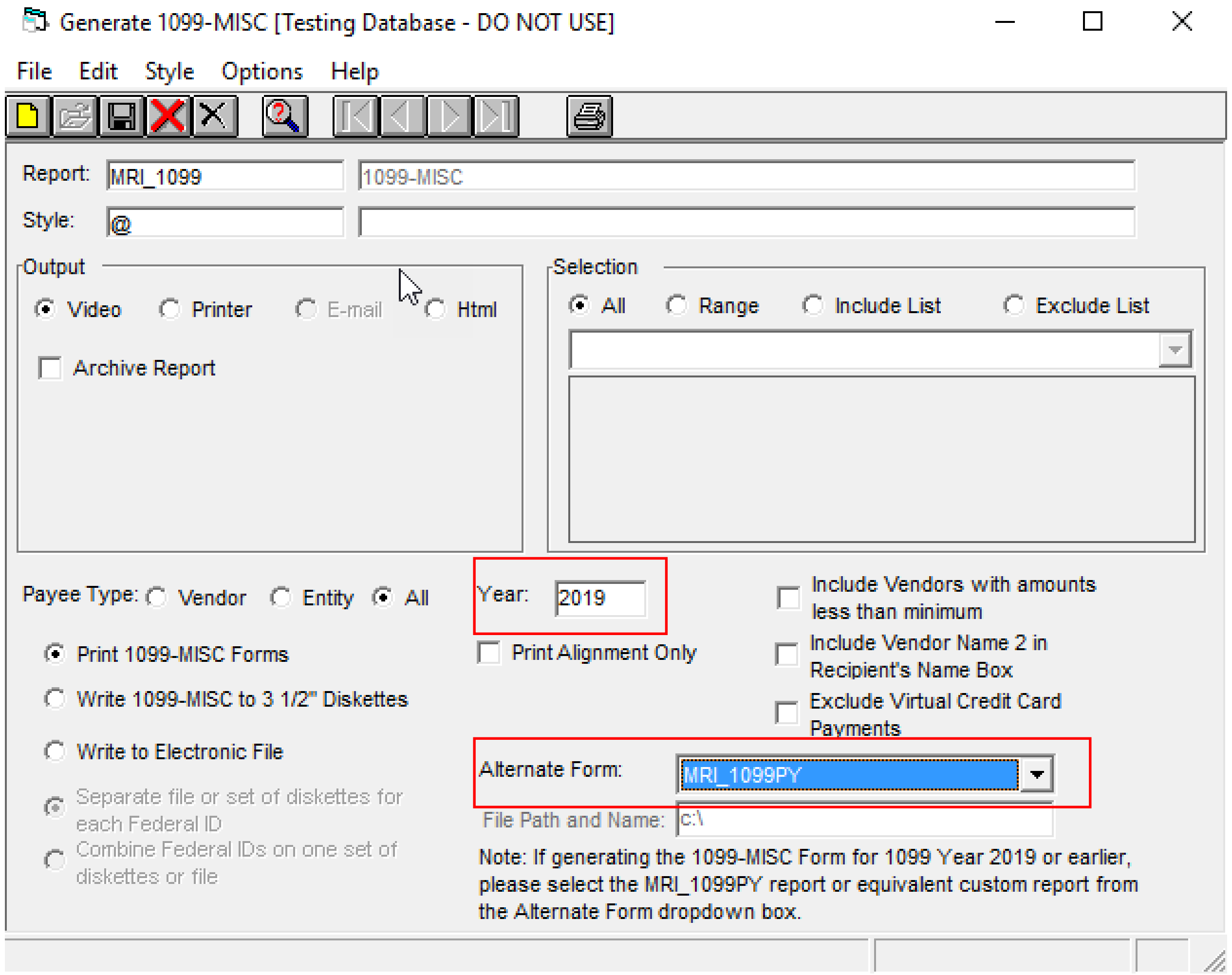
1099-MISC

Generated on paper or electronically

- If electronically, file path needs to be specified
- If on paper, MRI_1099 is selected from Alternate Form dropdown
- Select payee type ENTITY or ALL
  - DO NOT RUN 1099-MISC for Payee Type 'Vendor'
- 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



Please note: if you are running 1099s for 2019 or prior, select the MRI_1099PY report from the Alternate Form dropdown

1099 REVIEW

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-NEC and1099-MISC forms are 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
- Optional setup of FDST – Federal/State Combined

REVIEW

Recommended steps for processing:

- 1099 Preview Listing Report
  - Review data for accuracy
- If changes are necessary, Process 1099 Worksheets
  - Access the T_199WKSH table to make changes or add additional records
  - Rerun 1099 Listing Report – confirm all changes
- 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)

THANK YOU!

- For additional MRI 1099 resources, including copies of this presentation, please visit

MRISoftware.com/form-1099

- Please contact MRI Support using our myMRI Client portal or phone for questions and issues related to 1099 Setup and Processing:

https://mymri.force.com/ClientPortal/login

or

(877) 579-8896