



WISCONSIN ACCOUNTING MANUAL
 Department of Administration – State Controller’s Office

Section	06	EXPENDITURES AND TRAVEL	Effective Date	01/01/2017
Sub-section	10	1099 Reporting	Revision Date	12/09/2016
SAM Ref	n/a			

BACKGROUND

The State Controller’s Office coordinates the printing of forms 1099-MISC and 1099-G and the initial electronic reporting to the Internal Revenue Service. However, state agencies are responsible for the data used to create the forms and the electronic files.

A Form 1099-MISC must be filed for each person to whom has been paid (a) at least \$10 in royalties or broker payments in lieu of dividends or tax-exempt interest; (b) at least \$600 in rents, services, prizes and awards, other income payments, medical and health care payments, crop insurance proceeds, cash payments for fish you purchase from anyone engaged in the trade or business of catching fish, or generally, the cash paid from a notional principal contract to an individual, partnership, or estate; (c) any fishing boat proceeds; or (d) gross proceeds paid to an attorney. A Form 1099-MISC must also be filed for each person whom you have withheld any Federal income tax under the back-up withholding rules regardless of the amount of the payment. A Form 1099-G must be filed for the following types of payments:

- Unemployment Compensation
- State or Local Income Tax Refunds, Credits or Offsets
- Federal Income Tax Withheld
- Taxable Grants
- Agriculture Payments

In general, payments to corporations are excluded from the 1099 reporting. However, the following payments made to corporations must be reported on Form 1099-MISC:

- Medical and health care payments
- Attorney’s fees
- Gross proceeds paid to an attorney

POLICIES

Calendar Year 2016 1099-Misc and 1099-G reporting: Executive branch agencies will make payments under a single Enterprise EIN, with the exception of those payment applications that have been identified with the SCO as needing their own EIN. 1099-reportable Specialized Disbursement payments must be added as adjustments in STAR, unless other arrangements have been made directly with the SCO. The 1099 forms will be printed with a payer name of “State of Wisconsin Consolidated Agency Reporting” and will include the State Controller’s Office address and telephone number.



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PROCEDURES

The 1099 reportability of a payment made in STAR is based on two elements:

1. Whether the “Withholding” box is selected on the Identifying Information page in the Supplier table:

The screenshot shows the 'Supplier Information' page for 'Mayo Mats'. The 'Identifying Information' tab is active. Fields include: SetID: SHARE, Supplier ID: 000006019, *Supplier Short Name: MAYO MATS, MAYO MATS-001, *Supplier Name: Mayo Mats, and *Additional Name. The 'Withholding' checkbox is checked, and 'Open For Ordering' is also checked.

2. And, whether the “Withholding Applicable” box is selected on the Withholding Information page of voucher entry:

The screenshot shows the 'Invoice Line Withhold Information' page for Line 1. The 'Withholding Code' field is empty, and the 'Withholding Applicable' checkbox is checked. The 'Withholding Details' table is as follows:

*Entity	*Type	*Jurisdiction	*Class	Withholding Basis Amt Override	Contract Reference	Rule Override	Apply Withholding	Applicable
1 IRS	1099	FED	07				Withhold at Payment	<input checked="" type="checkbox"/>

In addition, the box where the payment will be reported on the 1099 form, known as the “Withholding Class” in STAR, is determine based on the Class on the Withholding Details section.

If a Supplier has the Withholding check box selected, ALL payments recorded to that Supplier will be considered reportable, UNLESS the “Withholding Applicable” check box is unselected on the voucher. If the Supplier does not have the Withholding check box selected – no payments will be considered 1099 reportable for that Supplier.

1099 ADJUSTMENTS FOR CY 2016

Adjustments to be made by the SCO

This delivered 1099 functionality creates the need for the following adjustments, **which will be performed centrally, by the SCO:**



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- For reportable STAR Suppliers – Those with the “Withholding” check box selected, the SCO will review all payments to that Supplier, and will make a 1099 Adjustment for the total of those payments that are not coded to reportable accounts. These adjustments are captured in Category 2 of the 1099 Reporting Matrix (page 5).
- For non-reportable STAR Suppliers– Those with the “Withholding” check box unselected, the SCO will review payments made to the 1099 exception accounts (medical services and legal expenses), and make a 1099 Adjustment for the total of those exception payments. These adjustments are captured in Category 5 of the 1099 Reporting Matrix (page 5).
- Box Number (“Class” in STAR) – The SCO will review the WI_AP_1099_CTRL_DTL query for all agencies, and will adjust for any “box errors” – those payments that are not reflecting the correct box/class in STAR. These adjustments are captured in Category 1 of the 1099 Reporting Matrix (page 5).

Adjustments to be made by the Agencies (submitted to the SCO via a worksheet)

- Incorrect account codes used on vouchers - Agencies should review the WI_AP_1099_CTRL_DTL query, and where they entered an incorrect account on the voucher that affects the amount of reportable payments, they will need to track that correction on an Agency 1099 Adjustment Worksheet to be provided by the SCO. These adjustments are captured in Categories 1 and 2 of the 1099 Reporting Matrix (page 5).
- Other adjustments (i.e. refunds of expenditures, and other GL journal adjustments) – GL journal and other non-AP transactions in STAR do not include the Supplier ID. So, any adjustments to 1099 reportable Suppliers that are made via GL journal/AR or other STAR modules must be tracked by the agency on the Agency 1099 Adjustment Worksheet, and then the worksheet must be submitted to the SCO. The SCO will then make the related adjustment to the 1099 reporting area in STAR – and the adjustment will show on the WI_AP_1099_CTRL_DTL query.

CY 2016 1099 REPORTABLE TRANSACTIONS - SUMMARY

System	Transactions	Entry Type on WI_AP_1099_CTRL_DTL
STAR	Payments	Original
STAR	SCO Adjustments	Adjustment
STAR	Agency Adjustments	Adjustment



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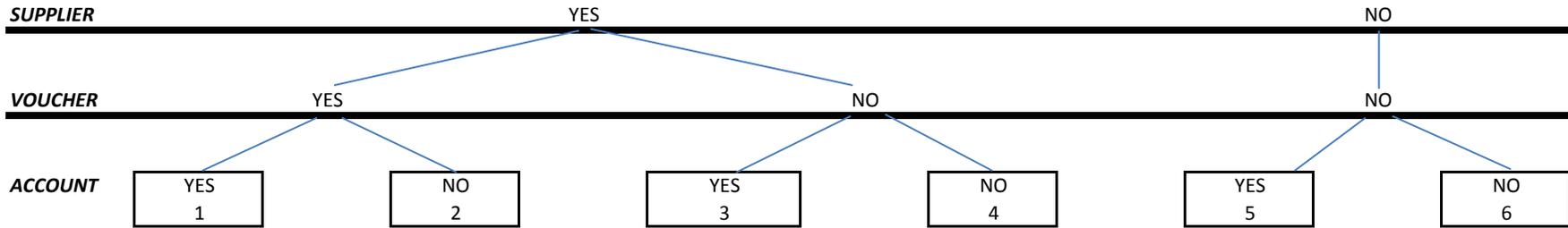
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CY 2016 1099 REPORTING CALENDAR

Date	Event
1/10/2017	Deadline for submitting agency adjustment worksheets to the SCO
1/16/2017	SCO enters all Agency and SCO adjustments into STAR
1/20/2017	Final agency review of WI_AP_1099_CTRL_DTL and sign-off due to the SCO
1/23 – 1/24/2017	1099 Printing and Mailing by DOA

1099 Reporting Matrix - STAR



Category	Agency Actions	SCO Actions
1	Correct for Account Coding Errors - Review WI_AP_1099_CTRL_DTL query and Submit Account Changes on 1099 Agency Adjustments Form	Make Box number adjustments per WI_AP_1099_CTRL_DTL query
2	Correct for Account Coding Errors - Review WI_AP_1099_CTRL_DTL query and Submit Account Changes on 1099 Agency Adjustments Form	Adjust to Remove Non-Reportable Accounts per WI_AP_1099_CTRL_DTL query
3	None	Adjust to Reportable
4	None	None
5	None	Adjust to Reportable - Legal/Medical
6	None	None

SUMMARY

- Agencies review WI_AP_1099_CTRL_DTL query and correct for account coding errors.
- SCO corrects for any reportable/non-reportable accounts within reportable/non-reportable suppliers.

